

Department of Legislative Services  
Maryland General Assembly  
2018 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

Senate Bill 619

(Senator Klausmeier, *et al.*)

Finance

Health and Government Operations

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Health Maintenance Organizations - Certificate of Need Requirements -  
Modification

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This bill repeals the requirement that a health maintenance organization (HMO) or a health care facility that controls or is controlled by an HMO must have a certificate of need (CON) before the HMO or facility builds, develops, operates, purchases, or participates in building, developing, operating, or establishing an ambulatory surgical facility or center. The bill also alters the conditions under which an HMO or facility is required to have a CON before taking specified actions to establish any other health care project.

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Fiscal Summary

**State Effect:** The bill is not anticipated to materially impact State operations or finances.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** An HMO or a health care facility that either controls or is controlled by an HMO must have a CON before the HMO or health care facility builds, develops, operates, purchases, or participates in building, developing, operating, or establishing any other health care project for which a CON is required *unless* at least 90% of the patients who will receive health care services from the project will be individuals enrolled in that HMO.

**Current Law:** An HMO or a health care facility that either controls, directly or indirectly, or is controlled by an HMO must have a CON before the HMO or health care facility builds, develops, operates, purchases, or participates in building, developing, operating, or establishing (1) a hospital or an ambulatory surgical facility or center and (2) any other health care project for which a CON is required if that health care project is planned for or used by any nonsubscribers of that HMO.

Notwithstanding the requirement to obtain a CON before establishing a hospital or an ambulatory surgical facility or center, an HMO or a health care facility that either controls or is controlled by an HMO is not required to obtain a CON before purchasing an existing ambulatory surgical facility or center.

**Background:** Generally, the CON program requires review and approval of certain types of proposed health care facility and service projects by the Maryland Health Care Commission. It is intended to ensure that new health care facilities and services are developed only as needed.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1282 (Delegate Kelly) - Health and Government Operations.

**Information Source(s):** Maryland Department of Health; Department of Legislative Services

**Fiscal Note History:** First Reader - February 27, 2018  
nb/jc Third Reader - March 13, 2018  
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