

HB1428/287775/1

BY: Finance Committee

AMENDMENTS TO HOUSE BILL 1428
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, strike “Performance Audit” and substitute “Audits”.

On pages 1 and 2, strike beginning with “requiring” in line 21 on page 1 down through “request” in line 1 on page 2 and substitute “requiring certain new members of the Board to submit a certain disclosure within a certain time period; requiring a certain statement to be available to the public on a certain website through a certain registration program under certain circumstances; requiring the Governor to remove a certain member of the Board if the member files a certain false statement”.

On page 2, in line 5, strike “Board” and substitute “Medical System Corporation”; in line 6, after “persons;” insert “requiring the Governor to remove a certain member of the Board under certain circumstances; prohibiting the Medical System Corporation from providing a certain preference for the award of certain contracts; requiring the award of certain contracts or payments to a member of the Board or a certain business to be subject to the approval of the full Board; requiring the compliance officer of the Medical System Corporation to take certain actions before the Corporation awards a certain contract or makes a certain payment to a member of the Board; requiring the Board to develop a certain policy governing certain contracts and payments; requiring the Board to submit a certain report to certain entities on or before a certain date each year;”; strike beginning with “employ” in line 7 down through “expertise” in line 8 and substitute “competitively bid for a certified public accounting firm”; in line 11, after “entities;” insert “providing that a certain certified public accounting firm is ineligible to bid on a certain contract; requiring a certain certified public accounting firm to consult with the Joint Audit Committee and the Office of Legislative Audits in the development of the scope and objectives of a certain audit at a certain time;”; in line 13, strike “a certain date;” and substitute “certain dates; requiring the Office of Legislative”

(Over)

Audits to conduct a forensic audit of the Medical System Corporation for certain years that includes certain information; requiring the Office of Legislative Audits to submit a certain report to certain entities on or before a certain date;”; in line 15, strike “and the Speaker” and substitute “the Speaker, and the Office of Legislative Audits”; in the same line, after “date;” insert “requiring the Office of Legislative Audits to review and comment on a certain report to certain entities;”; in line 16, strike “terms” and substitute “appointments”; in the same line, strike “terminate” and substitute “end”; in line 22, after “requirements;” insert “providing that certain members appointed under a certain provision of law are considered appointed to fill a vacancy for a certain member’s term; providing for the term and reappointment of certain members appointed to the Board under a certain provision of law as enacted by this Act;”; and in line 32, strike “and (m)” and substitute “(m), (n), and (o)”.

AMENDMENT NO. 2

On page 3, in line 31, strike “BOARD” and substitute “BOARD”.

On page 4, in lines 1, 3, 4, and 6, in each instance, strike “BOARD” and substitute “BOARD”; after line 2, insert:

“(III) STANDARDS FOR RECUSAL FROM VOTING;”;

and in lines 3 and 6, strike “(III)” and “(IV)”, respectively, and substitute “(IV)” and “(V)”, respectively.

On page 5, in lines 22 and 27, in each instance, strike the semicolon and substitute a period.

On page 6, strike beginning with “EACH” in line 23 down through “REQUEST.” in line 27 and substitute “EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH, EACH MEMBER ANNUALLY SHALL SUBMIT A DISCLOSURE OF FINANCIAL INTEREST, INCLUDING ANY POTENTIAL CONFLICTS OF INTEREST, TO”

THE STATE HEALTH SERVICES COST REVIEW COMMISSION.

(II) 1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, THE STATE HEALTH SERVICES COST REVIEW COMMISSION SHALL MAKE FREELY AVAILABLE TO THE PUBLIC ON ITS WEBSITE, THROUGH AN ONLINE REGISTRATION PROGRAM, THE STATEMENT SUBMITTED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

2. THE STATE HEALTH SERVICES COST REVIEW COMMISSION MAY NOT PROVIDE PUBLIC ACCESS TO THE PORTION OF THE STATEMENT THAT INCLUDES AN ADDRESS THAT THE MEMBER HAS IDENTIFIED AS THE MEMBER'S HOME ADDRESS.

(III) A NEWLY APPOINTED MEMBER SHALL SUBMIT A DISCLOSURE OF FINANCIAL INTEREST WITHIN 60 DAYS AFTER THE MEMBER'S APPOINTMENT TO THE BOARD.

(2) IF THE GOVERNOR DETERMINES THAT A MEMBER HAS WILLFULLY FILED A FALSE STATEMENT UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION, THE GOVERNOR SHALL REMOVE THE MEMBER FROM THE BOARD.”;

and in lines 28 and 32, strike “(2)” and “(3)”, respectively, and substitute “(3)” and “(4)”, respectively.

On page 7, in line 3, after “(M)” insert “(1)”; in the same line, strike “BOARD” and substitute “MEDICAL SYSTEM CORPORATION”; after line 6, insert:

“(2) THE GOVERNOR SHALL REMOVE A MEMBER FROM THE BOARD OF DIRECTORS WHO HAS BENEFITED FROM A SOLE SOURCE PROCUREMENT.

(Over)

(3) THE MEDICAL SYSTEM CORPORATION MAY NOT PROVIDE A PREFERENCE FOR THE AWARD OF A CONTRACT TO AN ACTIVE MEMBER OF THE BOARD OF DIRECTORS OR A BUSINESS ENTITY THAT EMPLOYS OR HAS AN AFFILIATION WITH AN ACTIVE MEMBER.

(N) (1) THE AWARD OF A CONTRACT OR THE MAKING OF A PAYMENT TO A MEMBER OF THE BOARD OF DIRECTORS OR AN ASSOCIATED BUSINESS OF A MEMBER SHALL BE SUBJECT TO THE APPROVAL OF THE FULL BOARD OF DIRECTORS.

(2) BEFORE THE MEDICAL SYSTEM CORPORATION AWARDS A CONTRACT OR MAKES A PAYMENT TO A MEMBER OF THE BOARD OF DIRECTORS, THE COMPLIANCE OFFICER SHALL:

(I) REVIEW THE CONTRACT OR PAYMENT AND ADVISE THE MEMBER OF THE BOARD OF DIRECTORS AS TO WHETHER THE CONTRACT OR PAYMENT IS APPROPRIATE AND CONSISTENT WITH THE POLICIES OF THE MEDICAL SYSTEM CORPORATION; AND

(II) MAKE A RECOMMENDATION TO THE BOARD OF DIRECTORS AS TO WHETHER THE CONTRACT OR PAYMENT SHOULD BE APPROVED OR DISAPPROVED BY THE BOARD.

(O) (1) THE BOARD OF DIRECTORS SHALL DEVELOP A POLICY GOVERNING CONTRACTS WITH AND PAYMENTS TO A MEMBER OF THE BOARD OF DIRECTORS OR MEMBERS OF THE BOARD OF DIRECTORS OF HOSPITALS AFFILIATED WITH THE MEDICAL SYSTEM CORPORATION BY:

(I) THE MEDICAL SYSTEM CORPORATION; OR

(II) THE AFFILIATED HOSPITAL.

(2) ON OR BEFORE DECEMBER 1 EACH YEAR, THE BOARD OF DIRECTORS SHALL SUBMIT A REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE, THE JOINT AUDIT COMMITTEE, THE SENATE FINANCE COMMITTEE, AND THE HOUSE HEALTH AND GOVERNMENT OPERATIONS COMMITTEE ON:

(I) THE POLICY ADOPTED UNDER PARAGRAPH (1) OF THIS SUBSECTION; AND

(II) HOW THE BOARD OF DIRECTORS HAS ENSURED COMPLIANCE WITH THE POLICY BY THE AFFILIATED HOSPITALS AND THE MEMBERS OF THE BOARD OF DIRECTORS OF THE AFFILIATED HOSPITALS.”;

and in line 7, strike “(N)” and substitute “(P)”.

AMENDMENT NO. 3

On page 7, in line 16, strike “On” and substitute “Subject to paragraph (3) of this subsection, on”; strike beginning with “employ” in line 17 down through “governance” in line 18 and substitute “competitively bid for a certified public accounting firm”; strike beginning with the first “the” in line 24 down through the first “or” in line 25; after line 26, insert:

“(3) (i) A certified public accounting firm that provides services to the Medical System Corporation or an affiliated hospital is not eligible to bid on the performance audit contract under paragraph (1) of this subsection.

(ii) On the award of the performance audit contract to a certified public accounting firm under paragraph (1) of this subsection and before commencement

(Over)

of the performance audit, the certified public accounting firm shall consult with the Joint Audit Committee and the Office of Legislative Audits in the development of the scope and objectives of the performance audit.”;

in line 27, after “(b)” insert “(1)”; after line 30, insert:

“(2) On or before December 31, 2022, the Medical System Corporation shall submit a certified copy of a performance audit conducted during the calendar year 2022 that meets the requirements under subsection (a) of this section to the Governor and, in accordance with § 2–1246 of the State Government Article, the President of the Senate and the Speaker of the House.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) The Office of Legislative Audits shall conduct a forensic audit of the University of Maryland Medical System Corporation for the calendar years 2016 through the effective date of this Act or earlier as deemed appropriate by the Office of Legislative Audits that:

(1) identifies all of the members of the Board of Directors of the Medical System Corporation and each member’s associated businesses;

(2) obtains all disbursement records from the Medical System Corporation;

(3) identifies all contracts with or payments to the members of the Board of Directors and a member’s associated businesses;

(4) identifies the basis for the procurement and the Medical System Corporation official and department that initiated and approved the payment;

HB1428/287775/1 **Finance Committee**
Amendments to HB 1428
Page 7 of 9

(5) identifies the procurement method used and tests for propriety of the procurement, including whether it was conducted in accordance with a formal Medical System Corporation policy and whether the full Board of Directors approved the contract or payment;

(6) evaluate whether all proper steps were taken and, if a payment or contract was sole source, whether the rationale was documented and supportable; and

(7) evaluate whether the contract or payment made to a member of the Board of Directors or the member's associated business was monitored effectively to ensure that all deliverables paid for were provided.

(b) (1) On or before December 15, 2019, the Office of Legislative Audits shall report to the Governor and, in accordance with § 2-1246 of the State Government Article, the President of the Senate, the Speaker of the House, the Joint Audit Committee, the Senate Finance Committee, and the House Health and Government Operations Committee on the findings of the forensic audit conducted under this section.

(2) The report required under paragraph (1) of this subsection shall include any recommendations by the Office of Legislative Audits regarding how best to evaluate the procurement and contracting processes and any contracts with and payments to University of Maryland Medical System affiliated hospitals and members of the Board of Directors of the Medical System Corporation or the members of the boards of directors of the affiliated hospitals.”;

in line 31, strike “3.” and substitute “4.”; in the same line, strike the first “the” and substitute “:

(a) The”;

in line 33, after “procedures” insert “, including policies for enforcing statutory limits on consecutive terms of appointment for members and continued service after the

(Over)

HB1428/287775/1 **Finance Committee**
Amendments to HB 1428
Page 8 of 9

expiration of a members term”; in line 37, strike “and” and substitute a comma; in the same line, after “House” insert “, and the Office of Legislative Audits”; and after line 37, insert:

“(b) The Office of Legislative Audits shall review and comment on the report submitted under subsection (a) of this section to the Joint Audit Committee, the Senate Finance Committee, and the House Health and Government Operations Committee.”.

On page 8, in line 6, strike “4.” and substitute “5.”; in line 7, strike “terms” and substitute “appointment”; in line 9, strike “terminate” and substitute “end”; strike in their entirety lines 10 through 13, inclusive, and substitute:

“(1) the appointment of approximately one-third of the members of the Board shall end on July 1, 2019;

“(2) the appointment of approximately one-third of the members of the Board shall end on October 1, 2019; and

“(3) the appointment of the remaining members of the Board shall end on January 1, 2020.”;

in line 15, strike “term is terminated” and substitute “appointment ends”; after line 22, insert:

“(4) A new member appointed under this subsection shall be considered appointed to fill a vacancy and shall serve for the remainder of the term of the member who was not reappointed under this subsection.

SECTION 6. AND BE IT FURTHER ENACTED, That the terms of the members appointed to the Board of Directors of the University of Maryland Medical System Corporation under § 13-304(c)(4) and (5) of the Education Article as enacted by Section 1 of this Act:

(1) shall be for a term of 5 years from the date of appointment; and

(2) may be reappointed but may not serve more than two consecutive 5
year terms.”;

and in line 23, strike “5.” and substitute “7.”.