

SB0619/726288/1

BY: Health and Government Operations Committee

AMENDMENTS TO SENATE BILL 619
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 4, strike "Performance"; and in line 18, after "Assembly;" insert "prohibiting a member of the Board from being a State or local elected official;".

On page 2, in line 9, in each instance, strike "Board" and substitute "Medical System Corporation"; in line 11, strike the second "Board" and substitute "Medical System Corporation"; in line 12, after "contracts;" insert "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;"; in line 13, strike "employ a certain independent entity with certain expertise" and substitute "competitively bid for a certified public accounting firm"; in line 16, 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 18, strike "a certain date;" and substitute "certain dates; requiring the Office of Legislative 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 20, strike "and"; in the same line, after "Speaker" insert ", 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 21, strike "terms" and substitute "appointments"; in the same line, strike "terminate" and substitute "end"; in line 26,

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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 36, strike “and (m)” and substitute “(m), (n), and (o)”.

AMENDMENT NO. 2

On page 4, after line 9, insert:

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

and in lines 10 and 13, strike “(III)” and “(IV)”, respectively, and substitute “(IV)” and “(V)”, respectively.

On page 6, after line 4, insert:

“(2) A MEMBER OF THE BOARD MAY NOT BE A STATE OR LOCAL ELECTED OFFICIAL.”;

and in lines 5, 9, 10, 15, 18, 20, and 23, strike “(2)”, “(3)”, “(4)”, “(5)”, “(6)”, “(7)”, and “(8)”, respectively, and substitute “(3)”, “(4)”, “(5)”, “(6)”, “(7)”, “(8)”, and “(9)”, respectively.

On page 8, in lines 1 and 7, in each instance, strike “BOARD” and substitute “MEDICAL SYSTEM CORPORATION”; after line 10, insert:

“(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:

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(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 11, strike “**(N)**” and substitute “**(P)**”.

AMENDMENT NO. 3

On page 9, in line 1, strike “On” and substitute “Subject to paragraph (3) of this subsection, on”; strike beginning with “employ” in line 2 down through “accountants” in line 3 and substitute “competitively bid for a certified public accounting firm”; strike beginning with the first “the” in line 9 down through the first “or” in line 10; after line 11, 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 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 12, after “(b)” insert “(1)”; after line 15, 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

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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;

(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

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(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 lines 16 and 23, strike “3.” and “4.”, respectively, and substitute “4.” and “5.”, respectively; in line 16, strike the first “the” and substitute “;”;

(a) The”;

in line 18, after “procedures” insert “, including policies for enforcing statutory limits on consecutive terms of appointment for members and continued service after the expiration of a members term”; in line 22, strike “and” and substitute a comma; in the same line, after “House” insert “, and the Office of Legislative Audits”; after line 22, 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.”; in lines 24, 27, 29, and 31, in each instance, strike “terms” and substitute “appointment”;

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in lines 26, 28, 30, and 31, in each instance, strike “terminate” and substitute “end”; and in line 34, strike “term is terminated” and substitute “appointment ends”.

On page 10, after line 6, 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 a 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 7, strike “5.” and substitute “7.”.