

HOUSE BILL 1428

G2, F2

EMERGENCY BILL

9lr3340

By: **The Speaker**

Rules suspended

Introduced and read first time: March 16, 2019

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **University of Maryland Medical System Corporation – Board of Directors,**
3 **Ethics, and Performance Audit**

4 FOR the purpose of altering the maximum number of members of the Board of Directors of
5 the University of Maryland Medical System Corporation; requiring certain members
6 of the Board to be appointed by the Governor with the advice and consent of the
7 Senate of Maryland; requiring a certain voting member to be the Governor or the
8 Governor's designee; adding a certain number of voting members to the Board to be
9 appointed by the President of the Senate and the Speaker of the House; prohibiting
10 a member of the Board from intentionally using the prestige of office for private gain
11 or the gain of another; requiring certain members of the Board annually to submit a
12 certain disclosure statement to the State Health Services Cost Review Commission;
13 requiring a certain statement to be available for public inspection on request;
14 requiring the State Health Services Cost Review Commission annually to send a
15 summary of certain statements to the President and the Speaker; prohibiting the
16 Board from using sole source procurement; requiring the Medical System
17 Corporation to employ a certain independent certified public accountant to conduct
18 a certain performance audit of the administrative and financial offices of the Medical
19 System Corporation for a certain purpose on or before a certain date; providing that
20 a certain audit does not include certain entities; requiring the Medical System
21 Corporation to submit a certified copy of a certain performance audit to the Governor,
22 the President, and the Speaker on or before a certain date; requiring the Board to
23 conduct a certain internal review and report certain findings and recommendations
24 to the Governor, the President, and the Speaker on or before a certain date; declaring
25 the intent of the General Assembly; making this Act an emergency measure; making
26 certain conforming changes; and generally relating to the University of Maryland
27 Medical System Corporation.

28 BY repealing and reenacting, without amendments,
29 Article – Education

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 13–301(a), (c), and (m) and 13–304(a)
2 Annotated Code of Maryland
3 (2018 Replacement Volume and 2018 Supplement)

4 BY repealing and reenacting, with amendments,
5 Article – Education
6 Section 13–304(b), (c), (d), and (k)
7 Annotated Code of Maryland
8 (2018 Replacement Volume and 2018 Supplement)

9 BY adding to
10 Article – Education
11 Section 13–304(k), (l), and (m)
12 Annotated Code of Maryland
13 (2018 Replacement Volume and 2018 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That the Laws of Maryland read as follows:

16 **Article – Education**

17 13–301.

18 (a) In this subtitle, unless the context clearly requires otherwise, the following
19 words have the meanings indicated.

20 (c) “Board of Directors” means the Board of Directors of the Medical System
21 Corporation.

22 (m) “Medical System Corporation” means University of Maryland Medical System
23 Corporation, a private, nonprofit, nonstock corporation formed under the general
24 corporation laws of this State.

25 13–304.

26 (a) The government of the Medical System Corporation is vested in the Board of
27 Directors.

28 (b) (1) Subject to paragraph (2) of this subsection, the Board of Directors
29 consists of 6 nonvoting members and not less than 22 and not more than [27] **25** voting
30 members appointed by the Governor **WITH THE ADVICE AND CONSENT OF THE SENATE.**

31 (2) (i) On or after October 1, 2014, the Medical System Corporation may
32 amend its articles of incorporation to add up to three voting members to the Board of
33 Directors as the Medical System Corporation determines to be necessary and appropriate.

34 (ii) Nominations of additional voting members shall be made by the

1 Board of Directors and submitted to the Board of Regents for comment and to the Governor
2 for consideration.

3 (iii) Any member added to the Board of Directors under
4 subparagraph (i) of this paragraph shall:

5 1. Represent an entity that affiliates with the Medical
6 System Corporation on or after October 1, 2014;

7 2. Be appointed by the Governor **WITH THE ADVICE AND**
8 **CONSENT OF THE SENATE;** and

9 3. Be designated as an affiliate board member.

10 (iv) [The voting membership of the Board of Directors may not exceed
11 30 members.

12 (v)] Nothing in this paragraph may be construed to require the
13 Medical System Corporation to nominate a representative of an entity that affiliates with
14 the Medical System Corporation on or after October 1, 2014, to be an additional board
15 member.

16 (c) (1) Each member shall be a resident of this State.

17 (2) Three voting members shall be members of the Board of Regents.

18 (3) Two voting members shall be members of the General Assembly, 1
19 nominated by the President of the Senate and 1 nominated by the Speaker of the House of
20 Delegates.

21 **(4) ONE VOTING MEMBER SHALL BE THE GOVERNOR, OR THE**
22 **GOVERNOR'S DESIGNEE;**

23 **(5) TWO VOTING MEMBERS SHALL BE APPOINTED AS FOLLOWS:**

24 **(I) ONE APPOINTED BY THE PRESIDENT OF THE SENATE OF**
25 **MARYLAND; AND**

26 **(II) ONE APPOINTED BY THE SPEAKER OF THE HOUSE OF**
27 **DELEGATES;**

28 **[(4) (6)]** At least 1 voting member of the Board shall be appointed by the
29 Governor, upon nomination by the membership of the Community Advisory Council, from
30 the membership of the Community Advisory Council.

31 **[(5) (7)]** At least 1 voting member of the Board of Directors shall have

1 expertise in the hospital field.

2 **[(6)] (8)** In appointing the voting members of the Board of Directors, the
3 Governor shall ~~[insure]~~ **ENSURE** that the composition of the Board fairly represents the
4 minority composition of the State.

5 **[(7)] (9)** The nonvoting members shall be, ex officio, the Chancellor of the
6 University System of Maryland, the President, the Chief Executive Officer, the Dean of the
7 School of Medicine, the President of the medical staff organization of the medical system,
8 and the Associate Director of nursing services for the medical system.

9 (d) (1) The term of a member is 5 years and begins on the 1st Monday in June
10 of the year of appointment.

11 (2) The terms of members are staggered as required by the terms provided
12 for members of the Board on the transfer date.

13 (3) At the end of a term, a member continues to serve until a successor is
14 appointed and qualifies.

15 (4) A member appointed to fill a vacancy in an unexpired term serves only
16 for the remainder of that term and until a successor is appointed and qualifies.

17 (5) A member may be reappointed, but may not serve more than 2
18 consecutive full terms.

19 **(K) A MEMBER OF THE BOARD MAY NOT INTENTIONALLY USE THE**
20 **PRESTIGE OF OFFICE OR PUBLIC POSITION FOR THAT MEMBER'S PRIVATE GAIN OR**
21 **THAT OF ANOTHER.**

22 **(L) (1) (I) EACH MEMBER ANNUALLY SHALL SUBMIT A DISCLOSURE OF**
23 **FINANCIAL INTEREST, INCLUDING ANY POTENTIAL CONFLICTS OF INTEREST, TO**
24 **THE STATE HEALTH SERVICES COST REVIEW COMMISSION.**

25 **(II) A STATEMENT SUBMITTED UNDER SUBPARAGRAPH (I) OF**
26 **THIS PARAGRAPH SHALL BE AVAILABLE FOR PUBLIC INSPECTION ON REQUEST.**

27 **(2) THE STATE HEALTH SERVICES COST REVIEW COMMISSION**
28 **ANNUALLY SHALL SEND A SUMMARY OF EACH STATEMENT SUBMITTED UNDER**
29 **PARAGRAPH (1) OF THIS SUBSECTION TO THE PRESIDENT OF THE SENATE AND THE**
30 **SPEAKER OF THE HOUSE.**

31 **(M) THE BOARD MAY NOT USE SOLE SOURCE PROCUREMENT UNDER §**
32 **13-107 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

1 [(k)] (N) The Chairman of the Board of Directors shall appoint representatives
2 from the community naturally served by the medical system having interest in the services
3 of the medical system to 3–year terms as members of a Community Advisory Council. The
4 Board of Directors shall designate at least one of its members to meet with the Community
5 Advisory Council and advise the Community Advisory Council of matters of potential
6 interest. Recommendations of this Community Advisory Council concerning services
7 offered by the Medical System Corporation and its community relationships shall be
8 considered by the Board of Directors.

9 SECTION 2. AND BE IT FURTHER ENACTED, That:

10 (a) (1) On or before May 15, 2019, the University of Maryland Medical System
11 Corporation shall employ an independent certified public accountant licensed to practice in
12 the State to conduct a performance audit of the administrative and financial offices of the
13 University of Maryland Medical System Corporation to evaluate the efficiency and
14 effectiveness of the financial management practices, including procurement and
15 contracting processes, of the University of Maryland Medical System Corporation.

16 (2) The performance audit required under paragraph (1) of this subsection
17 does not include the administrative and financial offices of the University of Maryland
18 Medical System or any subsidiaries or affiliated hospitals of the University of Maryland
19 Medical System Corporation.

20 (b) On or before December 31, 2019, the University of Maryland Medical System
21 Corporation shall submit a certified copy of the performance audit to the Governor and, in
22 accordance with § 2–1246 of the State Government Article, the President of the Senate and
23 the Speaker of the House.

24 SECTION 3. AND BE IT FURTHER ENACTED, That the Board of Directors of the
25 University of Maryland Medical System Corporation shall:

26 (1) conduct an internal review of the Board’s policies and procedures; and

27 (2) on or before December 31, 2019, report the findings and any
28 recommendations for improvements to the policies and procedures of the Board to the
29 Governor and, in accordance with § 2–1246 of the State Government Article, the President
30 of the Senate and the Speaker of the House.

31 SECTION 4. AND BE IT FURTHER ENACTED, That, notwithstanding the
32 provisions of § 13–304 of the Education Article as enacted by Section 1 of this Act, it is the
33 intent of the General Assembly that the members of the Board of Directors of the University
34 of Maryland Medical System Corporation who are in office on the effective date of this Act
35 shall serve for the full term for which the member was appointed.

36 SECTION 5. AND BE IT FURTHER ENACTED, That this Act is an emergency
37 measure, is necessary for the immediate preservation of the public health or safety, has
38 been passed by a yea and nay vote supported by three–fifths of all the members elected to

1 each of the two Houses of the General Assembly, and shall take effect from the date it is
2 enacted.