

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 1010
 Finance

(Senator Hershey)

Health and Government Operations

Maryland Health Care Commission - Assessment of Services at the University of Maryland Shore Medical Center in Chestertown

This bill requires the Maryland Health Care Commission (MHCC), in conjunction with the Office of Health Care Quality (OHCQ), to conduct an assessment of the types, quality, and level of services provided at the University of Maryland Shore Medical Center in Chestertown (UMSMCC). The assessment must, at a minimum, (1) compare the services currently provided to the services provided in fiscal 2015 and (2) identify whether, on or after July 1, 2015, any services from UMSMCC were reduced or transferred to the University of Maryland Shore Medical Center in Easton. MHCC must report its findings to the General Assembly by January 1, 2020. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: MHCC special fund expenditures increase by as much as \$50,000 in FY 2020 only to conduct the required assessment, as discussed below. Revenues are not affected.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	50,000	0	0	0	0
Net Effect	(\$50,000)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Generally, changes to the type of services offered at a hospital in the State are governed by the certificate of need (CON) program. The CON program, located within MHCC, is intended to ensure that new health care facilities and services are developed only as needed and that, if determined to be needed, they:

- are the most cost-effective approach to meeting identified needs;
- are of high quality;
- are geographically and financially accessible;
- are financially viable; and
- will not have a significant negative impact on the cost, quality, or viability of other health care facilities and services.

The CON program requires review and approval of certain types of proposed health care facility and service projects by MHCC. With certain exceptions, a CON is required to:

- build, develop, or establish a new health care facility;
- move an existing health care facility to another site;
- make a health care facility capital expenditure that exceeds a threshold established in Maryland statute;
- change the bed capacity of a health care facility; or
- change the type or scope of any health care service offered by a health care facility.

State Expenditures: MHCC advises that it needs to hire a contractor to conduct the required assessment at a cost of \$100,000 in fiscal 2020. However, the Department of Legislative Services (DLS) advises that, while conducting the required assessment requires contractual assistance, expenditures are likely significantly lower based on the scope and complexity of the assessment. Therefore, DLS advises that special fund expenditures increase by as much as \$50,000 in fiscal 2020 to hire a contractor to conduct the required assessment. OHCQ can participate with existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): University of Maryland Medical System; Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - March 19, 2019
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