

House Bill 228
University of Maryland Medical System – Applicability of the
Public Information Act and Open Meetings Act

February 11, 2021

Before the House
Health and Government Operations Committee

Position: Oppose

Medical System Background

University of Maryland Medical System Corporation (the “Medical System”) is a private, not-for-profit corporation founded in 1984 to provide health care services to the citizens of Maryland.

- The Medical System owns and operates an academic medical center in downtown Baltimore, eleven community-based hospitals in diverse geographic communities across the state and shares ownership with Johns Hopkins of the Mount Washington Pediatric Hospital.

University Hospital – Pre 1984

- From 1823 to 1984, the Medical System’s downtown Baltimore health care facilities were state-owned, operated and financed as part of the University System of Maryland, the state colleges and universities.
- By that time, however, the Baltimore facilities were in crisis, requiring an influx of capital that the University and the State were unable to provide.
- The State and the General Assembly recognized that maintaining and operating these health care facilities as part of the University was unnecessarily costly and administratively cumbersome and that the framework, organization and requirements attendant to a State agency were deleterious to a health care system.
- A conclusion was made that it was fiscally desirable for the State to separate the operations, revenues and obligations of the medical system from the State so that the Medical System would become a separate, self-supporting entity. A stated purpose of the transfer was to create a separate legal and organizational structure for the medical system to provide independence and flexibility of management and funding.
- In 1984, the Maryland General Assembly, with the support of the University System of Maryland's Board of Regents, adopted legislation separating the major health care delivery components of the University of Maryland Baltimore and mandating their transfer to the Medical System, when UMMS was established in law under the Maryland General Corporation Law as a private, non-stock corporation.

- The legislation specifically noted that many laws, management structures, and procedures developed to implement governmental functions were not appropriate for the efficient delivery of patient care operations. Instead, the legislation recognized that patient care is more efficiently served by contemporary legal, management, and procedural structures utilized by similarly situated, *private* entities across the country.
- The enabling legislation is very clear that the Medical System is not a State agency, political subdivision, public body, public corporation or municipal corporation and is not subject to any provisions of law affecting only governmental or public entities. The MPIA and the Open Meetings Law affect only governmental or public entities.
- The enabling legislation also explicitly stated that the obligations of the Medical System are payable only from the assets of the Medical System and are not the debts or obligations of the State.

Medical System's Operations Post 1984

- Although the Governor has the right to appoint the voting members of the Medical System's board of directors, the Medical System is not a state agency. Specifically,
 - The State has no right to approve or disapprove the Medical System's decisions
 - The Medical System issues its own debt and maintains its own credit rating
 - The Medical System is a separate corporation which has been granted 501(c)(3) tax exempt status by the Federal government
 - The State has not granted the Medical System immunity from liability for any actions taken by the System
- In order to grow and continue to thrive, the Medical System must focus on the future by recruiting excellent leaders, physicians, nurses, allied health care providers; developing cutting edge, contemporary clinical programs; purchasing goods and services; and expanding its reach to patients across the state, to say the least. In order to accomplish these goals, the Medical System must be able to compete with other health systems and hospitals in a highly regulated and highly competitive market. If the Medical System is subject to the Maryland Public Information Act (MPIA) and the Open Meetings laws, its competitors, near and far, would have access to confidential and proprietary information relating to the Medical System's operations and strategies which would undercut and seriously harm the Medical System's economic position, competitive advantage and ability to provide the greatest level of service to Maryland residents.
- This bill would violate the Maryland Constitution's prohibition on special laws, which includes those laws that discriminate against a particular individual or business. This bill clearly targets the Medical System, to the exclusion of similarly situated hospitals in this state.

House Bill 228

UMMS – Applicability of the Public Information Act and Open Meetings Act

- For the foregoing reasons, UMMS opposes HB 228.

Respectfully submitted,

Donna L. Jacobs, Esq.
SVP, Government, Regulatory Affairs and Community Health
University of Maryland Medical System
250 W. Pratt Street, 24th Floor
Baltimore, MD 21201
410-328-7410
DJacobs@umm.edu

Aaron Rabinowitz, Esq.
SVP and General Counsel
University of Maryland Medical System
250 W. Pratt. Street, 24th Floor
Baltimore, MD 21201