

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 403

(Senator Klausmeier)

Finance

Health and Government Operations

**Hospitals and Related Institutions - Residential Treatment Centers -
Accreditation**

This bill expands the definition of “accredited residential treatment center” to include a center accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF) or the Council on Accreditation (COA), in addition to the Joint Commission on Accreditation of Healthcare Organizations under current law. The bill also makes conforming changes.

Fiscal Summary

State Effect: The bill’s changes can be absorbed within existing budget resources for the Maryland Department of Health (MDH). Revenues are not affected.

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law: An “accreditation organization” is a private entity that inspects and surveys health care facilities based on nationally recognized and developed standards. A “health care facility” includes a hospital, health maintenance organization, freestanding ambulatory care facility, assisted living facility, laboratory, home health agency, residential treatment center, comprehensive rehabilitation facility, forensic laboratory, substance-related disorder program, or mental health program.

A “residential treatment center” means a psychiatric institution that provides campus-based intensive and extensive evaluation and treatment of children and adolescents with severe and chronic emotional disturbances who require a self-contained therapeutic, educational, and recreational program in a residential setting. An “accredited residential treatment center” means a residential treatment center that is accredited by the Joint Commission on Accreditation of Healthcare Organizations.

If the Secretary of Health receives a final report from an approved accreditation organization that a health care facility or a health care staff agency is in substantial compliance with the organization’s standards, MDH must accept the report as evidence that the facility or agency has met the State’s licensure requirements and must grant the health care facility or staff agency “deemed status,” meaning the facility may be exempt from routine surveys conducted by MDH.

A health care facility or staff agency that fails to achieve substantial compliance with the standards of an approved accreditation organization may be subject to requirements relating to the correction of deficiencies and may be required to take certain corrective action.

MDH may inspect an accredited health care facility or a health care staff agency to (1) determine compliance with any quality requirement; (2) follow up on any serious problem identified by an approved accreditation organization; (3) investigate a complaint; or (4) validate the findings of an approved accreditation organization. MDH may also participate in or observe a survey or inspection of a health care facility or a health care staff agency conducted by an approved accreditation organization.

Small Business Effect: To the extent that a residential treatment center is a small business, the options for accreditation are expanded under the bill and the cost of obtaining accreditation may be more competitive.

Additional Comments: CARF is an independent, nonprofit accreditor of health and human services. Its stated mission is to promote the quality, value, and optimal outcomes of services through a consultative accreditation process and continuous improvement services that center on enhancing the lives of persons served.

COA offers an independent, objective, and reliable verification that organizations and programs qualify for the confidence and support of their stakeholders. It involves a detailed review and analysis of an organization’s or program’s administrative functions and services delivery practices. All of which are measured against international standards of best practice.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1134 (Delegates Bagnall and Lopez) - Health and Government Operations.

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

Fiscal Note History: First Reader - February 8, 2024
km/jc Third Reader - March 1, 2024

Analysis by: Amber R. Gundlach

Direct Inquiries to:
(410) 946-5510
(301) 970-5510