

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 270 (Chairman, Environmental Matters Committee)
(Departmental - Health and Mental Hygiene)
Environmental Matters

Deer's Head Center and Western Maryland Center Dialysis Fund - Nonlapsing Funds

This departmental bill establishes a Deer's Head Center and Western Maryland Center Dialysis Fund as a continuing, nonlapsing special fund. The fund is to include collections from fees set by the Department of Health and Mental Hygiene (DHMH) for kidney dialysis services and is to be used to fund kidney dialysis services at Deer's Head and Western Maryland Centers. Any unspent funds equal to or less than 15% of the hospitals' kidney dialysis program must remain in the fund. Any unspent funds exceeding 15% may be transferred or reverted to the general fund by DHMH.

Fiscal Summary

State Effect: None. The bill codifies existing practice. However, if revenues exceed 15% of the units' appropriation, general fund revenues could increase by an indeterminate amount, and special fund revenues could decrease by an equal amount should DHMH choose to revert the excess to the general fund.

Local Effect: None.

Small Business Effect: The Department of Health and Mental Hygiene has determined that this bill has minimal or no impact on small business (attached). Fiscal Services concurs with this assessment.

Fiscal Analysis

Background: Deer's Head Center and Western Maryland Center each have a renal dialysis unit funded by patient fees which are considered special funds. Although the fiscal 1997 budget bill provides authorization for special funds, there is no statutory authority for a nonlapsing special fund.

The Legislative Auditor has questioned the practice of allowing the chronic hospitals to carry over unspent renal dialysis collections into future years. This issue was raised during the course of auditing Deer's Head Center and will be addressed in the next Local and Family Health Administration audit. As a result, the Legislative Auditor sought legal advice from DHMH regarding the special fund issue. DHMH advice of counsel indicates that special fund revenues in excess of renal dialysis expenditures should revert to the general fund.

State Effect: The fiscal 1997 budget allowance includes \$494,400 for the Western Maryland Center renal dialysis unit and \$2.6 million for the Deer's Head Center renal dialysis unit, for a total of \$3.1 million. Fifteen percent of the \$3.1 million equals \$466,300. If renal dialysis revenues do not exceed the units' appropriation by more than 15%, there is no fiscal impact, since the bill codifies the existing practice of carrying over special funds into the next fiscal year. If revenues exceed 15% of the units' appropriation, general fund revenues could increase by an indeterminate amount, and special fund revenues could decrease by an equal amount, should DHMH choose to revert the excess to the general fund. It is not possible to reliably estimate the extent to which revenues will exceed expenditures, or the extent to which DHMH would choose to revert excess monies to the general fund.

Information Source(s): Department of Health and Mental Hygiene, Department of Fiscal Services (Office of Legislative Audits)

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