
By: Delegates Rawlings, McHale, Hubbard, and Rosenberg

Introduced and read first time: January 29, 1997

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 31, 1997

CHAPTER ____

1 AN ACT concerning

2 **Maryland Medicaid Managed Care Program - Capitation Payments - Graduate Medical**
3 **Education Costs**

4 FOR the purpose of requiring the Secretary of Health and Mental Hygiene ~~for purposes~~
5 ~~of making capitation payments for services provided to Maryland Medicaid Program~~
6 ~~recipients enrolled in managed care organizations to implement a certain capitation~~
7 ~~payment system to assure that the graduate medical education component of the~~
8 ~~capitated rates is used only to reimburse certain persons that have graduate medical~~
9 ~~education costs included in rates approved by the Health Services Cost Review~~
10 ~~Commission under certain circumstances to complete its study of the feasibility and~~
11 ~~appropriateness of modifying its Medicaid Managed Care Program capitation rate~~
12 ~~methodology to ensure that costs for graduate medical education are reimbursed~~
13 ~~appropriately among certain managed care organizations by a certain date, to~~
14 ~~conduct the study in consultation with certain persons, to report to certain~~
15 ~~committees of the General Assembly by a certain date, and to adopt certain~~
16 ~~regulations and implement a certain methodology by certain dates, contingent on~~
17 ~~certain circumstances; requiring the Secretary to include in the study certain issues~~
18 ~~pertaining to the fair and reasonable costs for graduate medical education; and~~
19 ~~generally relating to the Medicaid Managed Care Program, graduate medical~~
20 ~~education, and a certain study.~~

21 ~~BY renumbering~~22 ~~Article—Health—General~~23 ~~Section 15-103(b)(26) and (27), respectively~~24 ~~to be Section 15-103(b)(27) and (28), respectively~~25 ~~Annotated Code of Maryland~~26 ~~(1994 Replacement Volume and 1996 Supplement)~~

1 ~~BY repealing and reenacting, without amendments,~~
2 ~~Article—Health—General~~
3 ~~Section 15-103(b)(1)~~
4 ~~Annotated Code of Maryland~~
5 ~~(1994 Replacement Volume and 1996 Supplement)~~

6 ~~BY adding to~~
7 ~~Article—Health—General~~
8 ~~Section 15-103(b)(26)~~
9 ~~Annotated Code of Maryland~~
10 ~~(1994 Replacement Volume and 1996 Supplement)~~

11 ~~SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF~~
12 ~~MARYLAND, That Section(s) 15-103(b)(26) and (27), respectively, of Article—Health~~
13 ~~—General of the Annotated Code of Maryland be renumbered to be Section(s)~~
14 ~~15-103(b)(27) and (28), respectively.~~

15 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland~~
16 ~~read as follows:~~

17 ~~**Article—Health—General**~~

18 ~~15-103.~~

19 ~~(b) (1) As permitted by federal law or waiver, the Secretary may establish a~~
20 ~~program under which Program recipients are required to enroll in managed care~~
21 ~~organizations.~~

22 ~~(26) (i) FOR THE PURPOSE OF MAKING CAPITATION PAYMENTS FOR~~
23 ~~SERVICES PROVIDED TO PROGRAM RECIPIENTS ENROLLED IN MANAGED CARE~~
24 ~~ORGANIZATIONS, THE SECRETARY SHALL IMPLEMENT A CAPITATION PAYMENT~~
25 ~~SYSTEM TO ASSURE THAT THE GRADUATE MEDICAL EDUCATION COMPONENT OF~~
26 ~~THE CAPITATED RATES IS USED ONLY TO REIMBURSE THE GRADUATE MEDICAL~~
27 ~~EDUCATION COSTS OF FACILITIES THAT HAVE GRADUATE MEDICAL EDUCATION~~
28 ~~COSTS INCLUDED IN THE RATES APPROVED BY THE HEALTH SERVICES COST~~
29 ~~REVIEW COMMISSION.~~

30 ~~(ii) FOR PURPOSES OF THIS PARAGRAPH, THE COSTS OF~~
31 ~~GRADUATE MEDICAL EDUCATION TO BE REIMBURSED SHALL BE BASED ON THE~~
32 ~~METHODOLOGY DETERMINED BY THE HEALTH SERVICES COST REVIEW~~
33 ~~COMMISSION AND AS AUTHORIZED AND INCLUDED IN RATES APPROVED BY THE~~
34 ~~HEALTH SERVICES COST REVIEW COMMISSION.~~

35 ~~SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF~~
36 ~~MARYLAND, That, notwithstanding any other provision of law, the Department of~~
37 ~~Health and Mental Hygiene shall:~~

38 ~~(1) Complete its study of the feasibility and appropriateness of modifying its~~
39 ~~Medicaid Managed Care Program capitation rate methodology to ensure that costs for~~
40 ~~graduate medical education (GME) are reimbursed appropriately among the managed~~

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1 care organizations serving the Medicaid population by June 1, 1997, and include in the
2 study an examination of medical manpower issues, in teaching and nonteaching hospitals,
3 pertaining to the fair and reasonable costs of GME, and report to the Senate Finance
4 Committee, the Senate Budget and Taxation Committee, the House Environmental
5 Matters Committee, the House Committee on Appropriations, and the Joint Committee
6 on Administrative, Executive, and Legislative Review by September 1, 1997;

7 (2) Conduct the study in consultation with the Health Services Cost Review
8 Commission (HSCRC) and a 7-member Advisory Committee appointed by the Secretary
9 of Health and Mental Hygiene; and

10 (3) Contingent on approval from the federal Health Care Financing
11 Administration, no loss of federal matching funds, and approval by the Joint Committee
12 on Administrative, Executive, and Legislative Review (AELR), adopt regulations by April
13 1998 to implement a budget-neutral methodology to ensure that a portion of the
14 appropriation that will be based on financing the GME component of the capitated
15 payments for Fiscal Year 1999 is used only to pay the fair and reasonable costs of GME
16 as quantified by the HSCRC in the approved HSCRC rates, and implement the
17 methodology by July 1, 1998.

18 SECTION ~~3~~.2, AND BE IT FURTHER ENACTED, That this Act shall take effect
19 June 1, 1997.