
By: Senator Della

Introduced and read first time: January 31, 1997

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 Health Services Cost Review Commission - Uncompensated Care - Rates and Payments

3 FOR the purpose of increasing the number and altering the composition of the State
4 Health Services Cost Review Commission; altering the quorum requirement for
5 action by the Commission; authorizing the Commission to assess a certain fee from
6 certain hospitals; limiting the amount of the fee assessment during the first year of
7 collection and requiring the Commission to consult with the Senate Finance
8 Committee and the House Environmental Matters Committee at a certain time to
9 increase the fee after the first year; requiring the funds generated through the fee
10 assessment to be used for the sole purpose of funding high uncompensated care at
11 certain hospitals; prohibiting the Commission from assessing a certain fee to create
12 a grant program; requiring the Commission to submit a certain report to the Senate
13 Finance Committee and the House Environmental Matters Committee at a certain
14 time; establishing a Special Uncompensated Care Fund; providing for the purpose
15 and administration of the Fund; requiring the Commission, in promoting and
16 approving an alternative method of rate determination and payment, to consider a
17 certain impact of the method and payment; requiring the Commission monthly to
18 make a certain compilation and report to certain entities; specifying the effective
19 date of certain provisions of this Act; and generally relating to the Health Services
20 Cost Review Commission, hospital and uncompensated care, and certain rates and
21 payments.

22 BY repealing and reenacting, without amendments,
23 Article - Health - General
24 Section 19-201(a) and (b)
25 Annotated Code of Maryland
26 (1996 Replacement Volume and 1996 Supplement)

27 BY repealing and reenacting, with amendments,
28 Article - Health - General
29 Section 19-203, 19-206, 19-207.3, and 19-216
30 Annotated Code of Maryland
31 (1996 Replacement Volume and 1996 Supplement)

32 BY adding to

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1 Article - Health - General
2 Section 19-207.4
3 Annotated Code of Maryland
4 (1996 Replacement Volume and 1996 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article - Health - General**

8 19-201.

9 (a) In this subtitle the following words have the meanings indicated.

10 (b) "Commission" means the State Health Services Cost Review Commission.

11 19-203.

12 (a) (1) The Commission consists of [7] 9 members appointed by the Governor.

13 (2) Of the [7] 9 [members,] MEMBERS:

14 (I) [4] 6 shall be individuals who do not have any connection with the
15 management or policy of any facility[.];

16 (II) 1 SHALL BE AN INDIVIDUAL FROM A HEALTH MAINTENANCE
17 ORGANIZATION; AND

18 (III) 1 SHALL BE A HEALTH CARE PROVIDER.

19 (b) Each member shall be interested in problems of health care.

20 (c) (1) The term of a member is 4 years.

21 (2) The terms of members are staggered as required by the terms provided
22 for members of the Commission on July 1, 1982. The terms of those members end as
23 follows:

24 (i) 2 in 1983;

25 (ii) 1 in 1984;

26 (iii) 2 in 1985; and

27 (iv) 2 in 1986.

28 (3) At the end of a term, a member continues to serve until a successor is
29 appointed and qualifies.

30 (4) A member who is appointed after a term has begun serves only for the
31 rest of the term and until a successor is appointed and qualifies.

32 (5) A member who serves 2 consecutive full 4-year terms may not be
33 reappointed for 4 years after completion of those terms.

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1 19-206.

2 (a) A majority of the full authorized membership of the Commission is a quorum.
3 However, the Commission may not act on any matter unless at least [4] 6 members in
4 attendance concur.

5 (b) The Commission shall meet at least 6 times a year, at the times and places that
6 it determines.

7 (c) Each member of the Commission is entitled to:

8 (1) Compensation in accordance with the State budget; and

9 (2) Reimbursement for expenses under the Standard State Travel
10 Regulations, as provided in the State budget.

11 (d) (1) The Commission may employ a staff in accordance with the State
12 budget.

13 (2) The Deputy Director and each principal section chief of the Commission
14 serve at the pleasure of the Commission.

15 (3) The Commission, in consultation with the Secretary, may determine the
16 appropriate job classifications and, subject to the State budget, the compensation for the
17 Executive Director, Deputy Director, and each principal section chief of the Commission.

18 19-207.3.

19 (a) The Commission shall assess the underlying causes of hospital uncompensated
20 care and make recommendations to the General Assembly on the most appropriate
21 alternatives to:

22 (1) Reduce uncompensated care; and

23 (2) Assure the integrity of the payment system.

24 [(b) The Commission may adopt regulations establishing alternative methods for
25 financing the reasonable total costs of hospital uncompensated care provided that the
26 alternative methods:

27 (1) Are in the public interest;

28 (2) Will equitably distribute the reasonable costs of uncompensated care;

29 (3) Will fairly determine the cost of reasonable uncompensated care
30 included in hospital rates;

31 (4) Will continue incentives for hospitals to adopt efficient and effective
32 credit and collection policies; and

33 (5) Will not result in significantly increasing costs to Medicare or the loss of
34 Maryland's Medicare Waiver under Section 1814(b) of the Social Security Act.

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1 (c) Any funds generated through hospital rates under an alternative method
2 adopted by the Commission in accordance with subsection (b) of this section may only be
3 used to finance the delivery of hospital uncompensated care.]

4 (B) THE COMMISSION MAY ASSESS A FEE ON THE TOTAL GROSS OPERATING
5 REVENUE FROM EACH HOSPITAL WHOSE RATES HAVE BEEN APPROVED BY THE
6 COMMISSION.

7 (C) ALL FUNDS GENERATED THROUGH THE ASSESSMENT REQUIRED UNDER
8 SUBSECTION (B) OF THIS SECTION SHALL BE USED FOR THE SOLE PURPOSE OF
9 FUNDING HIGH UNCOMPENSATED CARE AT HOSPITALS DESIGNATED BY THE
10 COMMISSION.

11 (D) THE COMMISSION MAY NOT ASSESS THE FEE AUTHORIZED UNDER
12 SUBSECTION (B) OF THIS SECTION ON A HOSPITAL TO CREATE A GRANT PROGRAM.

13 (E) ON OR BEFORE JANUARY 1 OF EACH YEAR, THE COMMISSION SHALL
14 SUBMIT A REPORT TO THE SENATE FINANCE COMMITTEE AND THE HOUSE
15 ENVIRONMENTAL MATTERS COMMITTEE OF THE MARYLAND GENERAL ASSEMBLY
16 CONCERNING THE AMOUNT OF FUNDS COLLECTED FROM EACH HOSPITAL AND THE
17 DISPOSITION OF FUNDS TO EACH HOSPITAL FOR THAT YEAR IN ACCORDANCE WITH
18 SUBSECTIONS (B) AND (C) OF THIS SECTION.

19 19-207.4.

20 (A) THERE IS A SPECIAL UNCOMPENSATED CARE FUND.

21 (B) THE PURPOSE OF THE FUND IS TO ADMINISTER A BROAD BASED
22 ASSESSMENT TO FUND HIGH UNCOMPENSATED CARE HOSPITALS.

23 (C) THE FUND CONSISTS OF:

24 (1) THE ASSESSMENT COLLECTED AND DEPOSITED IN THE FUND BY
25 THE COMMISSION UNDER § 19-207.3 OF THIS SUBTITLE; AND

26 (2) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES
27 FOR THE FUND.

28 (D) ALL COSTS AND EXPENSES OF THE FUND SHALL BE INCLUDED IN THE
29 STATE BUDGET.

30 (E) EXPENDITURES FROM THE FUND TO COVER COSTS AND EXPENSES OF
31 THE FUND MAY ONLY BE MADE:

32 (1) PURSUANT TO AN APPROPRIATION APPROVED BY THE GENERAL
33 ASSEMBLY IN THE ANNUAL STATE BUDGET; OR

34 (2) BY THE BUDGET AMENDMENT PROCEDURE PROVIDED FOR IN §
35 7-209 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

36 (F) (1) THE STATE TREASURER IS THE CUSTODIAN OF THE FUND.

37 (2) THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME
38 MANNER AS STATE FUNDS.

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1 (3) THE STATE TREASURER SHALL DEPOSIT PAYMENTS RECEIVED
2 FROM THE COMMISSION INTO THE FUND.

3 (G) (1) THE FUND IS A CONTINUING, NONLAPSING FUND AND IS NOT
4 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, AND MAY
5 NOT BE DEEMED A PART OF THE GENERAL FUND.

6 (2) NO PART OF THE FUND MAY REVERT OR BE CREDITED TO:

7 (I) THE GENERAL FUND OF THE STATE; OR

8 (II) ANY OTHER SPECIAL FUND OF THE STATE.

9 19-216.

10 (a) The Commission may review costs and rates and make any investigation that
11 the Commission considers necessary to assure each purchaser of health care facility
12 services that:

13 (1) The total costs of all hospital services offered by or through a facility are
14 reasonable;

15 (2) The aggregate rates of the facility are related reasonably to the
16 aggregate costs of the facility; and

17 (3) The rates are set equitably among all purchasers or classes of purchasers
18 without undue discrimination or preference.

19 (b) (1) To carry out its powers under subsection (a) of this section, the
20 Commission may review and approve or disapprove the reasonableness of any rate that a
21 facility sets or requests.

22 (2) A facility shall charge for services only at a rate set in accordance with
23 this subtitle.

24 (3) In determining the reasonableness of rates, the Commission may take
25 into account objective standards of efficiency and effectiveness.

26 (c) (1) To promote the most efficient and effective use of health care facility
27 services and, if it is in the public interest and consistent with this subtitle, the Commission
28 may promote and approve alternate methods of rate determination and payment that are
29 of an experimental nature.

30 (2) IN PROMOTING AND APPROVING AN ALTERNATIVE METHOD OF
31 RATE DETERMINATION AND PAYMENT, THE COMMISSION SHALL CONSIDER THE
32 IMPACT OF THE ALTERNATIVE METHOD OF RATE DETERMINATION AND PAYMENT
33 ON BUSINESSES, MANAGED CARE ORGANIZATIONS, HEALTH MAINTENANCE
34 ORGANIZATIONS, AND PRICE COMPETITION IN THE STATE.

35 (3) THE COMMISSION MONTHLY SHALL COMPILE ALTERNATIVE
36 METHODS OF RATE DETERMINATION AND PAYMENT THAT THE COMMISSION
37 APPROVES AND REPORT THOSE METHODS TO:

38 (I) THE MARYLAND CHAMBER OF COMMERCE;

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1 (II) THE GREATER BALTIMORE COMMITTEE;

2 (III) THE WASHINGTON BUSINESS COUNCIL;

3 (IV) ALL LICENSED HEALTH MAINTENANCE ORGANIZATIONS IN
4 THE STATE; AND

5 (V) ALL LICENSED MANAGED CARE ORGANIZATIONS IN THE
6 STATE.

7 SECTION 2. AND BE IT FURTHER ENACTED, That:

8 (1) For the first year that the Health Services Cost Review Commission
9 collects a fee assessment for the Uncompensated Care Fund established under § 19-207.4
10 of the Health - General Article, as enacted by Section 1 of this Act, the assessment shall
11 not exceed .75% of the total gross operating revenue of each hospital; and

12 (2) After the first year that the Health Services Cost Review Commission
13 collects a fee assessment for the Uncompensated Care Fund established under § 19-207.4
14 of the Health - General Article, as enacted by Section 1 of this Act, the Commission may
15 increase the fee assessment only after consultation with the Senate Finance Committee
16 and the House Environmental Matters Committee of the Maryland General Assembly at
17 least 60 days before the Commission intends to increase the fee assessment.

18 SECTION 3. AND BE IT FURTHER ENACTED, That the changes made to §§
19 19-207.3 and 19-216 of the Health - General Article by this Act shall take effect June 1,
20 1997.

21 SECTION 4. AND BE IT FURTHER ENACTED, That § 19-207.4 of the Health -
22 General Article, as added by this Act, shall take effect June 1, 1997.

23 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
24 take effect June 1, 1997.

25 SECTION 6. AND BE IT FURTHER ENACTED, That except as provided in
26 Sections 3, 4, and 5 of this Act, this Act shall take effect October 1, 1997.