

---

**By: Senators Young, Dorman, and Bromwell**

Introduced and read first time: February 19, 1997

Assigned to: Rules

---

A BILL ENTITLED

1 AN ACT concerning

2 **Hospitals - Excess Hospital Bed Capacity**

3 FOR the purpose of requiring the Health Resources Planning Commission to establish a  
4 certain task force to review and analyze certain regulatory processes for a certain  
5 purpose and submit a certain report; requiring the Health Resources Planning  
6 Commission to develop a certain alternative measure of acute care hospital  
7 capacity; requiring the Health Services Cost Review Commission to examine certain  
8 policies related to the use of regulated hospital space for nonregulated purposes;  
9 requiring the Health Services Cost Review Commission to develop a certain pilot  
10 program and report the results of the pilot program to certain persons; requiring the  
11 Secretary of Health and Mental Hygiene to investigate and make certain  
12 recommendations in regard to establishing and creating a certain hospital license  
13 classification under certain circumstances; requiring the Health Resources Planning  
14 Commission to make a certain evaluation of the certificate of need process in regard  
15 to hospital closures; providing for the termination of certain provisions of this Act;  
16 and generally relating to acute care hospitals and excess hospital bed capacity.

17 BY repealing and reenacting, with amendments,  
18 Article - Health - General  
19 Section 19-114.1(a)  
20 Annotated Code of Maryland  
21 (1996 Replacement Volume and 1996 Supplement)

22 BY adding to  
23 Article - Health - General  
24 Section 19-114.1(e), 19-124, 19-207.4, and 19-307.1  
25 Annotated Code of Maryland  
26 (1996 Replacement Volume and 1996 Supplement)

27 BY repealing and reenacting, with amendments,  
28 Chapter 499 of the Acts of the General Assembly of 1995  
29 Section 8

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

2

1           **Article - Health - General**

2 19-114.1.

3           (a) [The] SUBJECT TO SUBSECTION (E) OF THIS SECTION, THE Commission  
4 shall develop and adopt an institution-specific plan to guide possible capacity reduction.

5           (E) (1) TO BETTER REFLECT THE UTILIZATION OF ACUTE CARE HOSPITAL  
6 BEDS, THE COMMISSION SHALL DEVELOP AN ALTERNATIVE MEASURE OF ACUTE  
7 CARE HOSPITAL CAPACITY THAT MAY BE USED IN ADDITION TO OR INSTEAD OF  
8 "LICENSED BEDS".

9           (2) IN DEVELOPING AN ALTERNATIVE MEASURE OF ACUTE CARE  
10 HOSPITAL CAPACITY, THE COMMISSION SHALL INVESTIGATE THE USE OF SUCH  
11 MEASURES AS A HOSPITAL'S PREVIOUS AVERAGE DAILY CENSUS.

12 19-124.

13           (A) THE COMMISSION SHALL ESTABLISH A TASK FORCE FROM ITS MEMBERS,  
14 MEMBERS OF THE HEALTH SERVICES COST REVIEW COMMISSION,  
15 REPRESENTATIVES OF THE MARYLAND HOSPITAL ASSOCIATION, AND ANY OTHER  
16 INDIVIDUALS WHO THE COMMISSION CONSIDERS APPROPRIATE TO CONDUCT A  
17 COMPREHENSIVE REVIEW OF THEIR RESPECTIVE REGULATORY POLICIES FOR THE  
18 PURPOSE OF IDENTIFYING INCENTIVES THAT COULD BE USED TO ENCOURAGE  
19 HEALTH CARE ENTITIES TO DEVELOP INTEGRATED HEALTH CARE DELIVERY  
20 SYSTEMS.

21           (B) THE REVIEW SHALL INCLUDE AN ANALYSIS OF:

22           (1) THE CURRENT STATUTORY AND REGULATORY PROVISIONS  
23 RELATED TO HOSPITAL MERGERS AND CONSOLIDATIONS; AND

24           (2) RELEVANT PROVISIONS OF THE STATE HEALTH PLAN THAT AFFECT  
25 THE DELIVERY OF HEALTH CARE SERVICES, PARTICULARLY THE DELIVERY OF  
26 HEALTH CARE SERVICES IN THE ACUTE CARE HOSPITAL SETTING.

27           (C) ON OR BEFORE JANUARY 1, 1998, THE COMMISSION SHALL COMPLETE ITS  
28 REVIEW AND SUBMIT ITS FINDINGS, RECOMMENDATIONS, AND ANY PROPOSED  
29 LEGISLATIVE, REGULATORY, OR OTHER CHANGES REQUIRED TO IMPLEMENT ITS  
30 RECOMMENDATIONS TO THE SECRETARY, THE GOVERNOR, AND, SUBJECT TO §  
31 2-1312 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.

32           (D) THIS SECTION SHALL TERMINATE AND BE OF NO EFFECT AFTER JUNE 30,  
33 1998.

34 19-207.4.

35           (A) THE COMMISSION SHALL EXAMINE ITS POLICIES THAT PROHIBIT THE USE  
36 OF REGULATED ACUTE CARE HOSPITAL SPACE FOR THE PROVISION OF HEALTH  
37 CARE SERVICES NOT REGULATED BY THE COMMISSION.

38           (B) JOINTLY WITH REPRESENTATIVES FROM THE HOSPITAL INDUSTRY, THE  
39 COMMISSION:

3

1 (1) SHALL IDENTIFY A LIST OF NONREGULATED SERVICES THAT MAY  
2 BE OFFERED IN REGULATED ACUTE CARE HOSPITAL SPACE; AND

3 (2) ON OR BEFORE JULY 1, 1998, SHALL ESTABLISH AND IMPLEMENT A  
4 PILOT PROGRAM WITH A LIMITED NUMBER OF HOSPITALS TO TEST THE IMPACT  
5 AND EFFECT OF PROVIDING NONREGULATED SERVICES IN REGULATED ACUTE  
6 CARE HOSPITAL SPACE.

7 (C) THE PILOT PROGRAM SHALL BE IN EFFECT FOR A MINIMUM OF 1 YEAR.

8 (D) AT THE END OF THE PILOT PROGRAM, THE COMMISSION SHALL REPORT  
9 THE RESULTS OF THE PILOT PROGRAM AND ITS FINDINGS, TOGETHER WITH ANY  
10 POLICY RECOMMENDATIONS, TO THE SECRETARY, THE GOVERNOR, AND, SUBJECT  
11 TO § 2-1312 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.

12 19-307.1.

13 (A) IN CONSULTATION WITH THE HEALTH RESOURCES PLANNING  
14 COMMISSION AND THE HEALTH SERVICES COST REVIEW COMMISSION, THE  
15 SECRETARY SHALL INVESTIGATE AND MAKE RECOMMENDATIONS ON OR BEFORE  
16 JANUARY 1, 1998 ON ESTABLISHING AND CREATING A LICENSE FOR A HOSPITAL  
17 CLASSIFICATION CALLED A "LIMITED SERVICE HOSPITAL".

18 (B) AS PART OF ITS INVESTIGATION, THE SECRETARY SHALL:

19 (1) EXAMINE THE TYPES OF HEALTH CARE SERVICES THAT MUST BE  
20 PROVIDED BY A LIMITED SERVICE HOSPITAL AND THE TYPES OF HEALTH CARE  
21 SERVICES THAT MAY BE OFFERED AT THE DISCRETION OF THE HOSPITAL;

22 (2) DETERMINE WHAT, IF ANY, OF THE CURRENT REQUIREMENTS TO  
23 OBTAIN A LICENSE TO OPERATE HOSPITALS OF THE EXISTING CLASSIFICATIONS  
24 DESCRIBED IN § 19-307 OF THIS SUBTITLE SHOULD BE REQUIRED OF PERSONS  
25 DESIRING TO OPERATE AND OBTAIN A LICENSE FOR A LIMITED SERVICE HOSPITAL;

26 (3) DETERMINE WHAT, IF ANY, FINANCIAL INCENTIVES AND  
27 RESOURCES COULD BE PROVIDED DURING THE RATE SETTING PROCESS, THAT  
28 WOULD ENCOURAGE, IF DESIRED, ACUTE CARE HOSPITALS TO CONVERT TO  
29 LIMITED SERVICE HOSPITALS;

30 (4) EXAMINE WHAT INCENTIVES COULD BE OFFERED TO PROVIDE  
31 FLEXIBILITY TO AND ALLOW AND ENCOURAGE ACUTE CARE HOSPITALS TO  
32 RECONFIGURE FOR THE PURPOSE OF PROVIDING NONACUTE CARE SERVICES AS A  
33 LIMITED SERVICE HOSPITAL; AND

34 (5) EXAMINE ANY OTHER ISSUES THAT THE SECRETARY CONSIDERS  
35 APPROPRIATE.

36 (C) THIS SECTION SHALL TERMINATE AND BE OF NO EFFECT AFTER JUNE 30,  
37 1998.

4

1           **Chapter 499 of the Acts of 1995**

2           SECTION 8. AND BE IT FURTHER ENACTED, That:

3                   (1) the Health Resources Planning Commission shall evaluate and, as  
4 necessary and appropriate, revise its existing regulations establishing standards for the  
5 timely implementation of certificates of need by the Commission in accordance with Title  
6 19, Subtitle 1 of the Health - General Article; AND

7                   (2) ON OR BEFORE JANUARY 1, 1998, AS PART OF ITS ONGOING  
8 EVALUATION, THE HEALTH RESOURCES PLANNING COMMISSION SHALL:

9                           (A) PROPOSE LEGISLATIVE AND REGULATORY REVISIONS TO  
10 TITLE 19, SUBTITLE 1 AND REGULATIONS ADOPTED BY IT IN ACCORDANCE WITH  
11 TITLE 19, SUBTITLE 1 THAT WOULD, WHILE PRESERVING AN OPPORTUNITY FOR THE  
12 GENERAL PUBLIC TO COMMENT, STREAMLINE OR ELIMINATE THE CERTIFICATE OF  
13 NEED PROCESS FOR ACUTE CARE HOSPITALS DESIRING TO CLOSE AND CEASE  
14 OPERATION; AND

15                           (B) PRESENT ITS PROPOSED REVISIONS TO THE SECRETARY, THE  
16 GOVERNOR, AND, SUBJECT TO § 2-1312 OF THE STATE GOVERNMENT ARTICLE, THE  
17 GENERAL ASSEMBLY.

18           SECTION 2. AND BE IT FURTHER ENACTED, That §§ 19-124 and 19-307.1 of  
19 this Act shall remain effective for a period of one year and, at the end of June 30, 1998,  
20 with no further action required by the General Assembly, §§ 19-124 and 19-307.1 of this  
21 Act shall be abrogated and of no further force and effect.

22           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
23 July 1, 1997.