# HOUSE BILL 2 SECOND PRINTING

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1998 Regular Session 8lr0148

### (PRE-FILED)

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Nathan-Pulliam, Patterson, Perry, Petzold, Pitkin, Preis, Rosenberg,

Requested: November 15, 1997

Introduced and read first time: January 14, 1998

Assigned to: Environmental Matters and Economic Matters

Slade, Turner, Weir, Wood, and Workman

#### A BILL ENTITLED

## 1 AN ACT concerning

2

## Maryland Health Care Regulatory and Systems Reform Act

3	FOR the purpose	of integrating	consolidating	and streamlining	certain health care

- 4 regulatory responsibilities and duties under the Maryland Health Care Access
- and Cost Commission; specifying the purpose of this Act; abolishing certain
- 6 commissions that function in the Department of Health and Mental Hygiene;
- 7 altering the duties, responsibilities, and functions of the Commission;
- 8 establishing a Health Care Access and Cost Commission Fund; specifying the
- 9 funding for the Fund; altering certain provisions of law related to health
- planning and development; repealing the requirement that a certificate of need
- be obtained for establishing certain health care facilities under certain
- 12 circumstances; authorizing the Commission to adopt certain regulations to
- 13 establish a certain method and mechanism to finance the cost of uncompensated
- care for the types of procedures and services provided by freestanding
- ambulatory surgical facilities under certain circumstances; altering a certain
- 16 provision of law related to the development and implementation of a certain
- payment system by the Commission; repealing the Advisory Committee on
- 18 Practice Parameters; transferring the administrative and enforcement
- 19 responsibility for private review agents to the Insurance Commissioner;
- 20 transferring the responsibility for investigating complaints involving health
- 21 maintenance organizations from the Department of Health and Mental Hygiene
- 22 to the Commission; requiring the Commission to conduct a certain study
- 23 regarding the certificate of need program; requiring the Commission to contract
- 24 with a certain entity to conduct a certain management study; specifying certain
- 25 transitional provisions relating to the implementation of the provisions of this
- Act; providing for the accurate codification of the provisions of this Act; making
- 27 certain technical and stylistic changes; defining certain terms; altering certain

definitions; providing for the effective date of certain provisions of this Act; and

1

2	generally relating to the integrating, consolidation, and streamlining of certain health care regulatory responsibilities and duties.
4	BY repealing
5	Article - Health - General
6	Section 19-102 through 19-109, 19-121, and 19-122, the part "Part I. Health
7	Planning and Development", and the subtitle "Subtitle 1. Comprehensive
8	Health Planning"; 19-202 through 19-207.1, 19-208, and 19-222 and the
9	subtitle "Subtitle 2. Health Services Cost Review Commission"; 19-1511,
10	19-1512, and 19-1515 and the subtitle "Subtitle 15. Maryland Health
11	
12	inclusive, and the subtitle "Subtitle 16. Advisory Committee on Practice
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15	(1996 Replacement Volume and 1997 Supplement)
	BY renumbering
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25	(1994 Replacement Volume and 1997 Supplement)
	BY renumbering
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# 42 BY transferring

1	Article - Health - General	
2	Section 19-1301 through 19-1305, inclusive, 19-1305.1, 19-1305.2, 19-1305	.3
3	19-1305.4, and 19-1306 through 19-1313, inclusive, and the subtitle	e
4	"Subtitle 13. Private Review Agents", respectively	
5	Annotated Code of Maryland	
6	(1996 Replacement Volume and 1997 Supplement)	
7 1	o be	
8	Article - Insurance	
9	Section 15-10A-01 through 15-10A-18, inclusive, to be under the subtitle	
10	"Subtitle 10A. Private Review Agents", respectively	
11	Annotated Code of Maryland	
12	(1997 Volume)	
13	BY repealing and reenacting, without amendments,	
14	Article - Health - General	
15	Section 2-101 to be under the new part "Part I. General Provisions"	
16	Annotated Code of Maryland	
17	(1994 Replacement Volume and 1997 Supplement)	
18	BY repealing and reenacting, with amendments,	
19	Article - Health - General	
20	Section 2-106	
21	Annotated Code of Maryland	
22	(1994 Replacement Volume and 1997 Supplement)	
	BY repealing and reenacting, with amendments,	
24	Article - Health - General	
25	Section 2-109	
26	Annotated Code of Maryland	
27	(1994 Replacement Volume and 1997 Supplement)	
28	(As enacted by Section 2 of this Act)	
29	BY adding to	
30	Article - Health - General	
31	Section 19-101, 19-102, 19-109 through 19-111 to be under the new part "Pa	ari
32	I. Maryland Health Care Access and Cost Commission" and the nev	V
33	subtitle "Subtitle 1. Health Care Planning and Systems Regulation"	;
34	19-113, 19-114, 19-130, 19-134, and 19-728(d)	
35	Annotated Code of Maryland	
36	(1996 Replacement Volume and 1997 Supplement)	

37 BY repealing and reenacting, with amendments,38 Article - Health - General

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       Section 19-103, 19-112, 19-116, 19-118, 19-119, 19-120, 19-121, 19-122,
               19-124, 19-125, 19-126, 19-127, 19-129, 19-135, 19-136, 19-138,
2
3
               19-139, 19-140, 19-142, 19-144, 19-146, 19-147, 19-148, 19-149,
4
               19-150, and 19-151(b) and (c)
5
       Annotated Code of Maryland
       (1996 Replacement Volume and 1997 Supplement)
6
7
       (As enacted by Section 2 of this Act)
8 BY repealing and reenacting, without amendments,
       Article - Health - General
9
       Section 19-104, 19-105, 19-106, 19-107, 19-108, 19-115, 19-117, 19-123,
10
               19-128, 19-131, 19-132, 19-133, 19-137, 19-141, 19-143, 19-145,
11
12
               19-152, 19-153, and 19-154
13
       Annotated Code of Maryland
14
       (1996 Replacement Volume and 1997 Supplement)
15
       (As enacted by Section 2 of this Act)
16 BY repealing and reenacting, with amendments,
17
       Article - Health - General
18
       Section 19-404, 19-406, 19-705.1(f)(5), 19-705.2, and 19-906
19
       Annotated Code of Maryland
20
       (1996 Replacement Volume and 1997 Supplement)
21 BY repealing and reenacting, with amendments,
       Article - Insurance
22
23
       Section 15-111 and 15-1001
24
       Annotated Code of Maryland
25
       (1997 Volume)
26 BY repealing and reenacting, with amendments,
27
       Article - Insurance
28
       Section 15-10A-01, 15-10A-03, 15-10A-04, 15-10A-05(a) and (b),
29
               15-10A-06(a), (e), and (g), 15-10A-07(a), 15-10A-09(e)(1), 15-10A-10,
30
               15-10A-11, 15-10A-12, 15-10A-13, 15-10A-14, 15-10A-17(b), and
               15-10A-18(a)
31
32
       Annotated Code of Maryland
33
       (1997 Volume)
       (As enacted by Section 3 of this Act)
34
35 BY repealing and reenacting, with amendments,
       Article 43C - Maryland Health and Higher Educational Facilities Authority
36
37
       Section 16A
38
       Annotated Code of Maryland
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(1994 Replacement Volume and 1997 Supplement)

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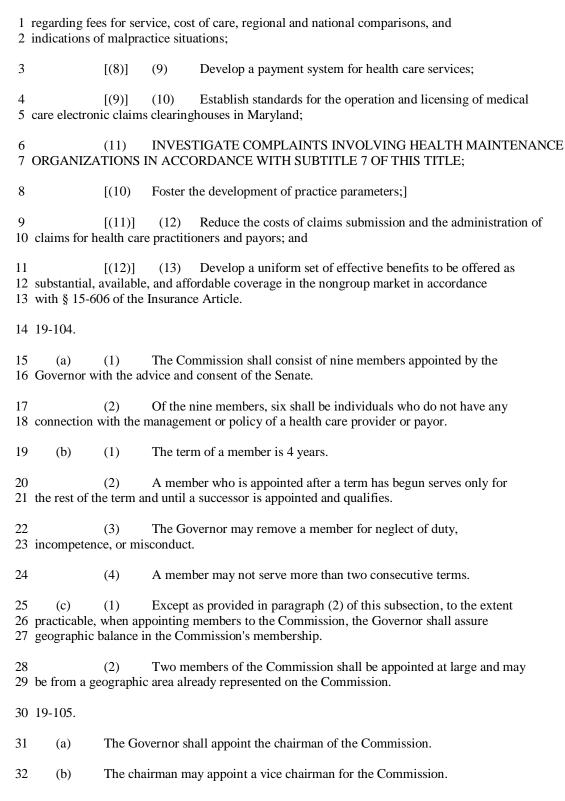
- 1 BY repealing and reenacting, with amendments,
- Chapter 134 of the Acts of the General Assembly of 1997 2
- 3 Section 6
- 4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 5 MARYLAND, That Section(s) 19-102 through 19-109, 19-121, and 19-122, the part
- 6 "Part I. Health Planning and Development", and the subtitle "Subtitle 1.
- 7 Comprehensive Health Planning"; 19-202 through 19-207.1, 19-208, and 19-222
- 8 and the subtitle "Subtitle 2. Health Services Cost Review Commission"; 19-1511,
- 9 19-1512, and 19-1515 and the subtitle "Subtitle 15, Maryland Health Care Access
- 10 and Cost Commission"; and 19-1601 through 19-1606, inclusive, and the subtitle
- 11 "Subtitle 16. Advisory Committee on Practice Parameters" of Article Health -
- 12 General of the Annotated Code of Maryland be repealed.
- 13 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 19-125 and
- 14 19-126 and the part "Part II. Deficiencies in Services and Facilities"; 19-1502
- 15 through 19-1506, 19-1510, 19-101, 19-110 through 19-120, 19-123, 19-201,
- 16 19-209, 19-210, 19-207.3, 19-211 through 19-213, 19-216 through 19-219,
- 17 19-207.2, 19-220, 19-214, 19-215, 19-221, 19-1501, 19-1507 through 19-1509,
- 18 19-1516, 19-1513, and 19-1514, respectively, of Article Health General of the
- 19 Annotated Code of Maryland be renumbered to be Section(s) 2-108 and 2-109 and
- 20 the part "Part II. Deficiencies in Services and Facilities"; 19-103 through 19-107,
- 21 19-108; 19-112, 19-115 through 19-127, and 19-128 to be under the new part "Part
- 22 II. Health Planning and Development"; 19-129, 19-131, 19-132, 19-133, 19-135
- 23 through 19-138, 19-139 through 19-142, 19-143, 19-144, 19-145, 19-146, and
- 24 19-147 to be under the new part "Part III. Health Care Facility Rate Setting"; and
- 25 19-148, 19-149 through 19-151, 19-152, 19-153, and 19-154 to be under the new
- 26 part "Part IV. Medical Care Data Collection", respectively.
- 27 SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 19-1301
- 28 through 19-1305, inclusive, 19-1305.1, 19-1305.2, 19-1305.3, 19-1305.4, and
- 29 19-1306 through 19-1313, inclusive, and the subtitle "Subtitle 13. Private Review
- 30 Agents", respectively, of the Article Health General of the Annotated Code of
- 31 Maryland be transferred to be Section(s) 15-10A-01 through 15-10A-18, inclusive,
- 32 and the subtitle "Subtitle 10A. Private Review Agents", respectively, of Article -
- 33 Insurance of the Annotated Code of Maryland.
- SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland
- 35 read as follows:
- 36 Article - Health - General
- 37 PART I. GENERAL PROVISIONS.
- 38 2-101.
- There is a Department of Health and Mental Hygiene, established as a principal
- 40 department of the State government.

1 2-1	106.						
2	(a)	The fol	llowing units are in the Department:				
3		(1)	Alcoho	l and Drug Abuse Administration.			
4		(2)	Anaton	ny Board.			
5		(3)	Develo	pmental Disabilities Administration.			
6		(4)	[State I	Health Resources Planning Commission.			
7		(5)	Health	Services Cost Review Commission.			
8		(6)]	Maryla	nd Psychiatric Research Center.			
9		[(7)]	(5)	Mental Hygiene Administration.			
10		[(8)]	(6)	Postmortem Examiners Commission.			
11		[(9)]	(7)	Board of Examiners for Audiologists.			
12		[(10)]	(8)	Board of Chiropractic Examiners.			
13		[(11)]	(9)	Board of Dental Examiners.			
14		[(12)]	(10)	Board of Dietetic Practice.			
15		[(13)]	(11)	Board of Electrologists.			
16		[(14)]	(12)	Board of Morticians.			
17		[(15)]	(13)	Board of Nursing.			
18		[(16)]	(14)	Board of Examiners of Nursing Home Administrators.			
19		[(17)]	(15)	Board of Occupational Therapy Practice.			
20		[(18)]	(16)	Board of Examiners in Optometry.			
21		[(19)]	(17)	Board of Pharmacy.			
22		[(20)]	(18)	Board of Physical Therapy Examiners.			
23		[(21)]	(19)	Board of Physician Quality Assurance.			
24		[(22)]	(20)	Board of Podiatry Examiners.			
25		[(23)]	(21)	Board of Examiners of Professional Counselors.			
26		[(24)]	(22)	Board of Examiners of Psychologists.			

1		[(25)]	(23)	Board of Social Work Examiners.			
2		[(26)]	(24)	Board of Examiners for Speech-Language Pathologists.			
3		[(27)]	(25)	Commission on Physical Fitness.			
4		[(28)	Advisor	ry Board on Hospital Licensing.]			
5		[(29)]	(26)	State Advisory Council on Alcohol and Drug Abuse.			
6		[(30)]	(27)	Advisory Council on Infant Mortality.			
7 8	(b) under any ot		partment	also includes every other unit that is in the Department			
11		y law ove	r the uni	as the authority and powers specifically granted to the ts in the Department. All authority and powers not so eserved to those units free of the control of the			
13				Part II. Deficiencies in Services and Facilities.			
14	2-109.						
16 17	15 (a) In conjunction with the powers of the Secretary under [§ 19-125] § 2-108 16 of this subtitle, and in cooperation with the HEALTH CARE ACCESS AND COST 17 Commission, the Secretary shall make an assessment of health care deficiencies in 18 Worcester County.						
19	(b)	The assessment shall include the following:					
20		(1)	The ava	ailability of efficient health care services and providers;			
21 22	from season	(2) nal variati		entification of unmet needs, including those which may result opulation;			
23 24	factors;	(3)	Access	to health care, including an analysis of travel times and other			
25		(4)	The nee	ed for specific services, such as emergency care;			
26 27	provided in	(5) the acute		luation of alternative means of providing care typically setting;			
28 29	with existin	(6) g health		ls of configuring the health care services of Worcester County riders; and			
30		(7)	Financi	al and manpower resources required and available.			
31 32	(c) Committee			nall report the findings of the assessment to the Joint ost Containment on or before November 1, 1986.			

- 1 (d) In cooperation with appropriate county and State groups, the Secretary
- 2 shall develop recommendations to implement the findings of the assessment.
- 3 (e) The Secretary shall report to the General Assembly on February 1, 1987,
- 4 on the progress towards implementation of the recommendations.
- 5 (f) The HEALTH CARE ACCESS AND COST Commission shall include standards
- 6 and policies in the State health plan that relate to the Secretary's recommendations.
- 7 SUBTITLE 1. HEALTH CARE PLANNING AND SYSTEMS REGULATION.
- 8 PART I. MARYLAND HEALTH CARE ACCESS AND COST COMMISSION.
- 9 19-101.
- 10 IN THIS SUBTITLE, "COMMISSION" MEANS THE MARYLAND HEALTH CARE
- 11 ACCESS AND COST COMMISSION.
- 12 19-102.
- 13 (A) THE GENERAL ASSEMBLY FINDS THAT THE HEALTH CARE REGULATORY
- 14 SYSTEM IN THIS STATE IS A HIGHLY COMPLEX STRUCTURE THAT NEEDS TO BE
- 15 CONSTANTLY REEVALUATED AND MODIFIED IN ORDER TO BETTER REFLECT AND BE
- 16 MORE RESPONSIVE TO THE EVER CHANGING HEALTH CARE ENVIRONMENT AND THE
- 17 NEEDS OF THE CITIZENS OF THIS STATE.
- 18 (B) THE PURPOSE OF THIS SUBTITLE IS TO ESTABLISH A STREAMLINED
- 19 HEALTH CARE REGULATORY SYSTEM IN THIS STATE IN A MANNER SUCH THAT A
- 20 SINGLE STATE HEALTH POLICY CAN BE BETTER ARTICULATED, COORDINATED, AND
- 21 IMPLEMENTED IN ORDER TO BETTER SERVE THE CITIZENS OF THIS STATE.
- 22 19-103.
- 23 (a) There is a Maryland Health Care Access and Cost Commission.
- 24 (b) The Commission is an independent commission that functions in the
- 25 Department.
- 26 (c) The purpose of the Commission is to:
- 27 (1) Develop health care cost containment strategies to help provide
- 28 access to appropriate quality health care services for all Marylanders[, after
- 29 consulting with the Health Resources Planning Commission and the Health Services
- 30 Cost Review Commission]:
- 31 (2) PROMOTE THE DEVELOPMENT OF A HEALTH CARE SYSTEM THAT
- 32 PROVIDES, FOR ALL CITIZENS, FINANCIAL AND GEOGRAPHIC ACCESS TO QUALITY
- 33 HEALTH CARE SERVICES AT A REASONABLE COST BY:

1 2	NEEDS OF THE CIT	(I) CIZENS C	PLANNING TO MEET THE CURRENT AND FUTURE HEALTH CARE OF THIS STATE;
3 4	DEFINED NEEDS;	(II)	IDENTIFYING THE RESOURCES ESSENTIAL TO MEET THOSE
	APPROPRIATE USE NEEDS;	(III) E OF THE	PROMOTING THROUGH PLANS AND POLICIES THE ERSOURCES ESSENTIAL TO MEET THOSE DEFINED
8 9	EFFICIENT DELIVE	(IV) ERY OF A	ADVOCATING POLICIES AND SYSTEMS TO PROMOTE THE AND IMPROVED ACCESS TO HEALTH CARE SERVICES;
		(V) RY AND	ENHANCING THE STRENGTHS OF THE CURRENT HEALTH CARE REGULATORY SYSTEMS AND CORRECTING THEIR
15			CONSIDERING THE PLANS AND PROGRAMS OF STATE AGENCIES ASSURING CONSISTENCY WITH POLICIES AND PRIORITIES DEPARTMENTS IN PREPARATION OF THE STATE HEALTH
17 18	PROJECTS ON TO	(VII) ΓAL HEA	PROVIDING FOR ASSESSMENT OF THE IMPACT OF PLANS AND LITH CARE COSTS TO THIS STATE AND ITS CITIZENS;
19 20	[(2)] development of publ	(3) ic policy;	Facilitate the public disclosure of medical claims data for the
21 22	[(3)] services rendered by	(4) health ca	Establish and develop a medical care data base on health care re practitioners;
25	[(4)] systems to permit the availability of inform services;	(5) e compari nation to c	Encourage the development of clinical resource management son of costs between various treatment settings and the consumers, providers, and purchasers of health care
27 28	[(5)] develop:	(6)	In accordance with Title 15, Subtitle 12 of the Insurance Article,
29 30	Comprehensive Stan	(i) dard Heal	A uniform set of effective benefits to be included in the lth Benefit Plan; and
31		(ii)	A modified health benefit plan for medical savings accounts;
	[(6)] form, an annual repo practitioners;	(7) rt on the	Analyze the medical care data base and provide, in aggregate variations in costs associated with health care
35 36	[(7)] means to compile da	(8) ta and inf	Ensure utilization of the medical care data base as a primary formation and annually report on trends and variances



- 1 19-106.
- 2 (a) With the approval of the Governor, the Commission shall appoint an 3 executive director who shall be the chief administrative officer of the Commission.
- 4 (b) The executive director, the deputy directors, and the principal section 5 chiefs serve at the pleasure of the Commission.
- 6 (c) (1) The executive director, the deputy directors, and the principal section 7 chiefs shall be executive service or management service employees.
- 8 (2) The Commission, in consultation with the Secretary, shall determine 9 the appropriate job classification and, subject to the State budget, the compensation 10 for the executive director, the deputy directors, and the principal section chiefs.
- 11 (d) Under the direction of the Commission, the executive director shall 12 perform any duty or function that the Commission requires.
- 13 19-107.
- 14 (a) A majority of the full authorized membership of the Commission is a 15 quorum. However, the Commission may not act on any matter unless at least four of 16 the voting members in attendance concur.
- 17 (b) The Commission shall meet at least six times each year, at the times and 18 places that it determines.
- 19 (c) Each member of the Commission is entitled to reimbursement for expenses 20 under the Standard State Travel Regulations, as provided in the State budget.
- 21 (d) The Commission may employ a staff in accordance with the State budget.
- 22 19-108.
- 23 (a) In addition to the duties set forth elsewhere in this subtitle, the
- 24 Commission shall adopt regulations specifying the comprehensive standard health
- 25 benefit plan to apply under Title 15, Subtitle 12 of the Insurance Article.
- 26 (b) In carrying out its duties under this section, the Commission shall comply 27 with the provisions of § 15-1207 of the Insurance Article.
- 28 19-109.
- 29 (A) IN ADDITION TO THE POWERS SET FORTH ELSEWHERE IN THIS SUBTITLE, 30 THE COMMISSION MAY:
- 31 (1) ADOPT RULES AND REGULATIONS TO CARRY OUT THE PROVISIONS 32 OF THIS SUBTITLE:
- 33 (2) CREATE COMMITTEES FROM AMONG ITS MEMBERS;

- 1 (3) APPOINT ADVISORY COMMITTEES, WHICH MAY INCLUDE 2 INDIVIDUALS AND REPRESENTATIVES OF INTERESTED PUBLIC OR PRIVATE 3 ORGANIZATIONS:
- 4 (4) APPLY FOR AND ACCEPT ANY FUNDS, PROPERTY, OR SERVICES FROM 5 ANY PERSON OR GOVERNMENT AGENCY;
- 6 (5) MAKE AGREEMENTS WITH A GRANTOR OR PAYOR OF FUNDS, 7 PROPERTY, OR SERVICES, INCLUDING AN AGREEMENT TO MAKE ANY STUDY, PLAN, 8 DEMONSTRATION. OR PROJECT:
- 9 (6) PUBLISH AND GIVE OUT ANY INFORMATION THAT RELATES TO THE 10 FINANCIAL ASPECTS OF HEALTH CARE AND IS CONSIDERED DESIRABLE IN THE 11 PUBLIC INTEREST; AND
- 12 (7) SUBJECT TO THE LIMITATIONS OF THIS SUBTITLE, EXERCISE ANY 13 OTHER POWER THAT IS REASONABLY NECESSARY TO CARRY OUT THE PURPOSES OF 14 THIS SUBTITLE.
- 15 (B) IN ADDITION TO THE DUTIES SET FORTH ELSEWHERE IN THIS SUBTITLE, 16 THE COMMISSION SHALL:
- 17 (1) ADOPT RULES AND REGULATIONS THAT RELATE TO ITS MEETINGS, 18 MINUTES, AND TRANSACTIONS;
- 19 (2) KEEP MINUTES OF EACH MEETING;
- 20 (3) PREPARE ANNUALLY A BUDGET PROPOSAL THAT INCLUDES THE 21 ESTIMATED INCOME OF THE COMMISSION AND PROPOSED EXPENSES FOR ITS
- 22 ADMINISTRATION AND OPERATION:
- 23 (4) BEGINNING JULY 1, 1999, AND EACH JULY 1 THEREAFTER, SUBMIT TO
- 24 THE GOVERNOR, TO THE SECRETARY, AND, SUBJECT TO § 2-1246 OF THE STATE
- 25 GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY AN ANNUAL REPORT ON THE
- 26 OPERATIONS AND ACTIVITIES OF THE COMMISSION DURING THE PRECEDING FISCAL
- 27 YEAR, INCLUDING:
- 28 (I) A COPY OF EACH SUMMARY, COMPILATION, AND
- 29 SUPPLEMENTARY REPORT REQUIRED BY THIS SUBTITLE; AND
- 30 (II) ANY OTHER FACT, SUGGESTION, OR POLICY 31 RECOMMENDATION THAT THE COMMISSION CONSIDERS NECESSARY; AND
- 32 (5) EXCEPT FOR CONFIDENTIAL OR PRIVILEGED MEDICAL OR PATIENT
- 33 INFORMATION, THE COMMISSION SHALL MAKE:
- 34 (I) EACH REPORT FILED AND EACH SUMMARY, COMPILATION, AND
- 35 REPORT REQUIRED UNDER THIS SUBTITLE AVAILABLE FOR PUBLIC INSPECTION AT
- 36 THE OFFICE OF THE COMMISSION DURING REGULAR BUSINESS HOURS; AND

13

- **HOUSE BILL 2** EACH SUMMARY, COMPILATION, AND REPORT AVAILABLE TO 1 (II)2 ANY OTHER STATE AGENCY ON REQUEST. THE COMMISSION MAY CONTRACT WITH A QUALIFIED, 4 INDEPENDENT THIRD PARTY FOR ANY SERVICE NECESSARY TO CARRY OUT THE 5 POWERS AND DUTIES OF THE COMMISSION. UNLESS PERMISSION IS GRANTED SPECIFICALLY BY THE 6 (2) 7 COMMISSION, A THIRD PARTY HIRED BY THE COMMISSION MAY NOT RELEASE, 8 PUBLISH, OR OTHERWISE USE ANY INFORMATION TO WHICH THE THIRD PARTY HAS 9 ACCESS UNDER ITS CONTRACT. 10 19-110. 11 EXCEPT AS EXPRESSLY PROVIDED IN THIS SUBTITLE, THE POWER OF THE 12 SECRETARY OVER PLANS, PROPOSALS, AND PROJECTS OF UNITS IN THE 13 DEPARTMENT DOES NOT INCLUDE THE POWER TO DISAPPROVE OR MODIFY ANY 14 REGULATION, DECISION, OR DETERMINATION THAT THE COMMISSION MAKES 15 UNDER AUTHORITY SPECIFICALLY DELEGATED BY LAW TO THE COMMISSION. THE POWER OF THE SECRETARY TO TRANSFER, BY RULE, REGULATION, OR 16 (B) 17 WRITTEN DIRECTIVE. ANY STAFF, FUNCTIONS, OR FUNDS OF UNITS IN THE 18 DEPARTMENT DOES NOT APPLY TO ANY STAFF, FUNCTION, OR FUNDS OF THE 19 COMMISSION. 20 19-111. IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS 21 (A) (1) 22 INDICATED. 23 "FUND" MEANS THE HEALTH CARE ACCESS AND COST COMMISSION (2) 24 FUND. "HEALTH CARE PRACTITIONER" MEANS ANY INDIVIDUAL WHO 25 (3) 26 PROVIDES HEALTH CARE SERVICES AND IS LICENSED UNDER THE HEALTH 27 OCCUPATIONS ARTICLE. (4) "NURSING HOME" MEANS A RELATED INSTITUTION THAT IS 29 CLASSIFIED AS A NURSING HOME. 30 (5) "PAYOR" MEANS:
- A HEALTH INSURER OR NONPROFIT HEALTH SERVICE PLAN 31 (I)
- 32 THAT HOLDS A CERTIFICATE OF AUTHORITY AND PROVIDES HEALTH INSURANCE
- 33 POLICIES OR CONTRACTS IN THE STATE IN ACCORDANCE WITH THIS ARTICLE OR
- 34 THE INSURANCE ARTICLE;
- 35 A HEALTH MAINTENANCE ORGANIZATION THAT HOLDS A (II)
- 36 CERTIFICATE OF AUTHORITY IN THE STATE; OR

14

- **HOUSE BILL 2** 1 (III)A THIRD PARTY ADMINISTRATOR AS DEFINED IN § 15-111 OF 2 THE INSURANCE ARTICLE. SUBJECT TO THE PROVISIONS OF SUBSECTION (D) OF THIS SECTION, THE 4 COMMISSION SHALL ASSESS A FEE ON: ALL HOSPITALS; (1) ALL NURSING HOMES; (2) 6 7 ALL PAYORS; AND (3) 8 (4) ALL HEALTH CARE PRACTITIONERS. 9 (1) THE TOTAL FEES ASSESSED BY THE COMMISSION MAY NOT EXCEED 10 \$11,000,000 IN ANY FISCAL YEAR. THE FEES ASSESSED BY THE COMMISSION SHALL BE USED 12 EXCLUSIVELY TO COVER THE ACTUAL DOCUMENTED DIRECT AND INDIRECT COSTS 13 OF FULFILLING THE STATUTORY AND REGULATORY DUTIES OF THE COMMISSION IN 14 ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE. THE COMMISSION SHALL PAY ALL FUNDS COLLECTED FROM THE 15 (3) 16 FEES ASSESSED IN ACCORDANCE WITH THIS SECTION INTO THE FUND. THE FEES ASSESSED MAY BE EXPENDED ONLY FOR PURPOSES 17 (4) 18 AUTHORIZED BY THE PROVISIONS OF THIS SUBTITLE. 19 FROM THE TOTAL FEES TO BE ASSESSED BY THE COMMISSION UNDER 20 SUBSECTION (C)(1) OF THIS SECTION, THE COMMISSION: 21 IN LIEU OF THE APPLICATION FEES PROVIDED FOR IN § 19-120 OF (1) 22 THIS SUBTITLE, SHALL ASSESS: HOSPITALS AND SPECIAL HOSPITALS FOR A TOTAL AMOUNT 24 NOT EXCEEDING \$5,500,000 IN ANY FISCAL YEAR; AND NURSING HOMES FOR A TOTAL AMOUNT NOT EXCEEDING (II)26 \$1,500,000 IN ANY FISCAL YEAR; 27 (2) SHALL ASSESS PAYORS FOR A TOTAL AMOUNT NOT EXCEEDING 28 \$3,250,000 IN ANY FISCAL YEAR; AND SHALL ASSESS HEALTH CARE PRACTITIONERS FOR AN AMOUNT NOT 30 EXCEEDING \$750,000 IN ANY FISCAL YEAR.
- THE FEES ASSESSED IN ACCORDANCE WITH THIS SECTION ON 31 (1) 32 HEALTH CARE PRACTITIONERS SHALL BE:
- INCLUDED IN THE LICENSING FEE PAID TO THE HEALTH CARE 33 (I) 34 PRACTITIONER'S LICENSING BOARD; AND

**15** 

**HOUSE BILL 2** 1 (II)TRANSFERRED BY THE HEALTH CARE PRACTITIONER'S 2 LICENSING BOARD TO THE COMMISSION ON A QUARTERLY BASIS. THE COMMISSION MAY ADOPT REGULATIONS THAT WAIVE THE FEE 4 ASSESSED UNDER THIS SECTION FOR A SPECIFIC CLASS OF HEALTH CARE 5 PRACTITIONERS. (F) THERE IS A HEALTH CARE ACCESS AND COST COMMISSION FUND. 6 (1) THE FUND IS A SPECIAL CONTINUING. NONLAPSING FUND THAT IS 8 NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE. THE TREASURER SHALL SEPARATELY HOLD, AND THE 10 COMPTROLLER SHALL ACCOUNT FOR, THE FUND. THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME 12 MANNER AS OTHER STATE FUNDS. ANY INVESTMENT EARNINGS SHALL BE RETAINED TO THE CREDIT 13 (5) 14 OF THE FUND. THE FUND SHALL BE SUBJECT TO AN AUDIT BY THE OFFICE OF 16 LEGISLATIVE AUDITS AS PROVIDED FOR IN § 2-1220 OF THE STATE GOVERNMENT 17 ARTICLE. THIS SECTION MAY NOT BE CONSTRUED TO PROHIBIT THE FUND 18 19 FROM RECEIVING FUNDS FROM ANY OTHER SOURCE. THE FUND SHALL BE USED ONLY TO PROVIDE FUNDING FOR THE 20 21 COMMISSION AND FOR THE PURPOSES AUTHORIZED UNDER THIS SUBTITLE. 22 (G) THE COMMISSION SHALL: ASSESS FEES ON PAYORS IN ACCORDANCE WITH § 15-111 OF 23 (1) (I) 24 THE INSURANCE ARTICLE AND IN A MANNER THAT APPORTIONS THE TOTAL AMOUNT 25 OF THE FEES TO BE ASSESSED ON PAYORS UNDER SUBSECTION (D)(2) OF THIS 26 SECTION AMONG EACH PAYOR BASED ON THE RATIO OF EACH SUCH PAYOR'S TOTAL 27 PREMIUMS COLLECTED IN THE STATE TO THE TOTAL COLLECTED PREMIUMS OF ALL 28 SUCH PAYORS COLLECTED IN THE STATE; AND ON OR BEFORE JUNE 1 OF EACH YEAR, NOTIFY THE INSURANCE 29 30 COMMISSIONER BY MEMORANDUM OF THE TOTAL ASSESSMENT ON PAYORS FOR 31 THAT YEAR: AND 32 (2) (I) ASSESS FEES FOR EACH HOSPITAL EQUAL TO THE SUM OF: THE AMOUNT EQUAL TO ONE-HALF OF THE TOTAL FEES 33 1. 34 TO BE ASSESSED ON HOSPITALS UNDER SUBSECTION (D)(1)(I) OF THIS SECTION

35 TIMES THE RATIO OF ADMISSIONS TO THE HOSPITAL TO TOTAL ADMISSIONS OF ALL

36 HOSPITALS; AND

3	TIMES THE RATIO C	N HOSP OF GROS	2. THE AMOUNT EQUAL TO ONE-HALF OF THE TOTAL FEES ITALS UNDER SUBSECTION (D)(1)(I) OF THIS SUBSECTION SS OPERATING REVENUE OF EACH HOSPITAL TO TOTAL IUES OF ALL HOSPITALS;
5 6	OF:	(II)	ASSESS FEES FOR EACH NURSING HOME EQUAL TO THE SUM
9		N NURS E RATIO	1. THE AMOUNT EQUAL TO ONE-HALF OF THE TOTAL FEES ING HOMES UNDER SUBSECTION (D)(1)(II) OF THIS O OF ADMISSIONS TO THE NURSING HOME TO TOTAL SING HOMES; AND
13	TO BE ASSESSED O SECTION TIMES TH	N NURS E RATI	2. THE AMOUNT EQUAL TO ONE-HALF OF THE TOTAL FEES SING HOMES UNDER SUBSECTION (D)(1)(II) OF THIS O OF GROSS OPERATING REVENUE OF EACH NURSING OPERATING REVENUES OF ALL NURSING HOMES;
15	(	(III)	ESTABLISH MINIMUM AND MAXIMUM ASSESSMENTS; AND
16 17	JUNE 30 OF EACH F	` /	ASSESS EACH HOSPITAL AND NURSING HOME ON OR BEFORE YEAR.
	` ' ' ' ' '		BEFORE SEPTEMBER 1 OF EACH YEAR, EACH HOSPITAL AND D UNDER THIS SECTION SHALL MAKE PAYMENT TO THE
21 22	PAYMENTS.	ГНЕ СО	MMISSION SHALL MAKE PROVISIONS FOR PARTIAL
23 24			PAID WITHIN 30 DAYS OF THE AGREED PAYMENT DATE MAY EST PENALTY TO BE DETERMINED BY THE COMMISSION.
25			PART II. HEALTH PLANNING AND DEVELOPMENT.
26	19-112.		
27 28	(a) In [Part I] meanings indicated.		PART II of this subtitle the following words have the
	facility, or office of on	e or mor	atory surgical facility" means any center, service, office, re health care practitioners or a group practice, as th Occupations Article, that:
32	(	(i)	Has two or more operating rooms;
33 34			Operates primarily for the purpose of providing surgical require overnight hospitalization; and

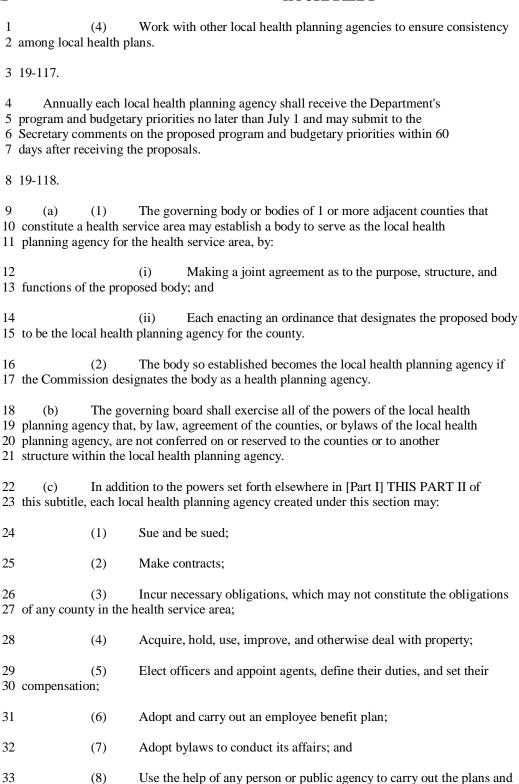
1 2	facility.		(iii)	Seeks reimbursement from payors as an ambulatory surgical				
5	(2) For purposes of this subtitle, the office of one or more health care practitioners or a group practice with two operating rooms may be exempt from the certificate of need requirements under this subtitle if the Commission finds, in its sole discretion, that:							
7 8	safety, and qu	ality of	(i) the surgio	A second operating room is necessary to promote the efficiency, cal services offered; and				
	of need requiregulations a			The office meets the criteria for exemption from the certificate bulatory surgical facility in accordance with mmission.				
12 13				ed" means a certification of public need issued by the le] PART II OF THIS SUBTITLE for a health care project.				
14	(d)	["Comm	nission" m	neans the State Health Resources Planning Commission.				
15 16	(e)] "Federal Act" means the National Health Planning and Resources Development Act of 1974 (Public Law 93-641), as amended.							
17	[(f)]	(E)	(1)	"Health care facility" means:				
18			(i)	A hospital, as defined in § 19-301 of this title;				
19			(ii)	A related institution, as defined in § 19-301 of this title;				
20			(iii)	An ambulatory surgical facility;				
	1 (iv) An inpatient facility that is organized primarily to help in the 2 rehabilitation of disabled individuals, through an integrated program of medical and 3 other services provided under competent professional supervision;							
24			(v)	A home health agency, as defined in § 19-401 of this title;				
25			(vi)	A hospice, as defined in § 19-901 of this title; and				
26 27	[Part I] THIS	PART I	(vii) II of this	Any other health institution, service, or program for which subtitle requires a certificate of need.				
28		(2)	"Health	care facility" does not include:				
29 30	certified, by	the First	(i) Church o	A hospital or related institution that is operated, or is listed and f Christ Scientist, Boston, Massachusetts;				
33			] § 19-12	For the purpose of providing an exemption from a certificate of 1 of this subtitle, a facility to provide comprehensive of continuing care, as defined by Article 70B of the				

3	1. The facility is for the exclusive use of the provider's subscribers who have executed continuing care agreements for the purpose of utilizing independent living units or domiciliary care within the continuing care facility;
	2. The number of comprehensive care nursing beds in the facility does not exceed 20 percent of the number of independent living units at the continuing care community; and
8 9	3. The facility is located on the campus of the continuing care facility;
	(iii) Except for a facility to provide kidney transplant services or programs, a kidney disease treatment facility, as defined by rule or regulation of the United States Department of Health and Human Services;
	(iv) Except for kidney transplant services or programs, the kidney disease treatment stations and services provided by or on behalf of a hospital or related institution; or
	(v) The office of one or more individuals licensed to practice dentistry under Title 4 of the Health Occupations Article, for the purposes of practicing dentistry.
	[(g)] (F) "Health care practitioner" means a person who is licensed, certified, or otherwise authorized under the Health Occupations Article to provide medical services in the ordinary course of business or practice of a profession.
22 23	[(h)] (G) "Health service area" means an area of this State that the Governor designates as appropriate for planning and developing of health services.
	[(i)] (H) "Local health planning agency" means a body that the Commission designates to perform health planning and development functions for a health service area.
27	19-113.
28 29	(A) IN ADDITION TO THE DUTIES SET FORTH ELSEWHERE IN THIS SUBTITLE, IN THIS PART II OF THIS SUBTITLE, THE COMMISSION SHALL:
30 31	(1) ACT AS THE STATE AGENCY TO REPRESENT THE STATE UNDER TITLE VI OF THE FEDERAL PUBLIC HEALTH SERVICE ACT; AND
32 33	(2) PERIODICALLY PARTICIPATE IN OR PERFORM ANALYSES AND STUDIES THAT RELATE TO:
34 35	(I) ADEQUACY OF SERVICES AND FINANCIAL RESOURCES TO MEET THE NEEDS OF THE POPULATION;
36	(II) DISTRIBUTION OF HEALTH CARE RESOURCES;

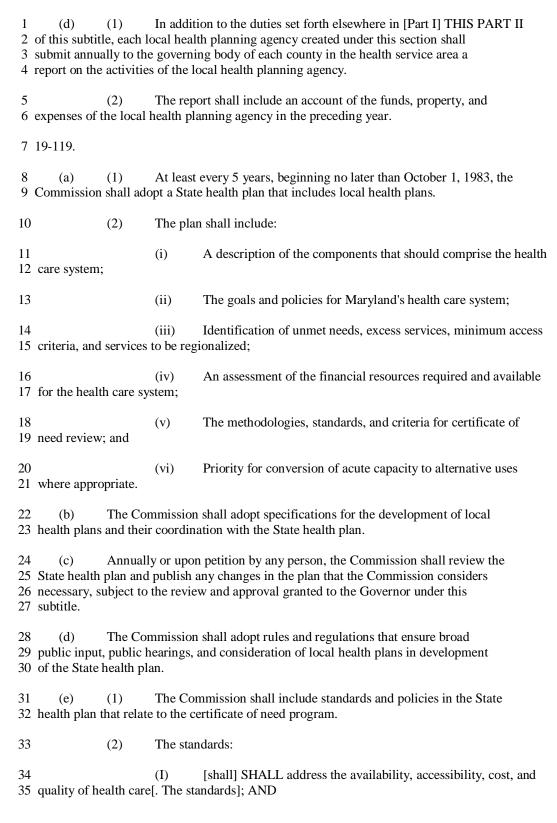
1		(III)	ALLOCATION OF HEALTH CARE RESOURCES;
2 3	FINANCIAL RESOU	(IV) RCES; C	COSTS OF HEALTH CARE IN RELATIONSHIP TO AVAILABLE OR
4		(V)	ANY OTHER APPROPRIATE MATTER.
7	THIS SUBTITLE, TH	E GOVE	TO THE DUTIES SET FORTH ELSEWHERE IN THIS PART II OF ERNOR SHALL DIRECT, AS NECESSARY, A STATE OFFICER TE IN CARRYING OUT THE FUNCTIONS OF THE
11	THE FEDERAL AC	ΓTHAT FEDER.	ECOGNIZES THE FEDERAL ACT AND ANY AMENDMENT TO DOES NOT REQUIRE STATE LEGISLATION TO BE EFFECTIVE. AL ACT IS REPEALED OR EXPIRES, THIS PART II OF THIS FECT.
13	19-114.		
14 15	(A) (1) CAPACITY IN HEA		OMMISSION SHALL PROVIDE FOR A STUDY OF SYSTEMS RVICES.
16	(2)	THE ST	UDY SHALL:
	SETTINGS WHERE MEET THE NEEDS		DETERMINE FOR ALL HEALTH DELIVERY FACILITIES AND ITY SHOULD BE INCREASED OR DECREASED TO BETTER POPULATION;
	AND TOOLS BY W NEEDS; AND		EXAMINE AND DESCRIBE THE IMPLEMENTATION METHODS APACITY SHOULD BE ALTERED TO BETTER MEET THE
23 24	COMMUNITIES AN	(III) ND HEAI	ASSESS THE IMPACT OF THOSE METHODS AND TOOLS ON THE TH CARE DELIVERY SYSTEM.
	CERTIFICATE OF N	NEED M	OITION TO INFORMATION THAT AN APPLICANT FOR A UST PROVIDE, THE COMMISSION MAY REQUEST, COLLECT, STICAL OR OTHER INFORMATION THAT:
28 29	DESCRIBED IN TH		IS NEEDED BY THE COMMISSION TO PERFORM ITS DUTIES II OF THIS SUBTITLE; AND
30 31	COMMISSION.	(II)	IS DESCRIBED IN RULES AND REGULATIONS OF THE
32 33	` /		CALTH CARE FACILITY FAILS TO PROVIDE INFORMATION AS CTION, THE COMMISSION MAY:
34 35			IMPOSE A PENALTY OF NOT MORE THAN \$100 PER DAY FOR ON CONTINUES AFTER CONSIDERATION OF THE

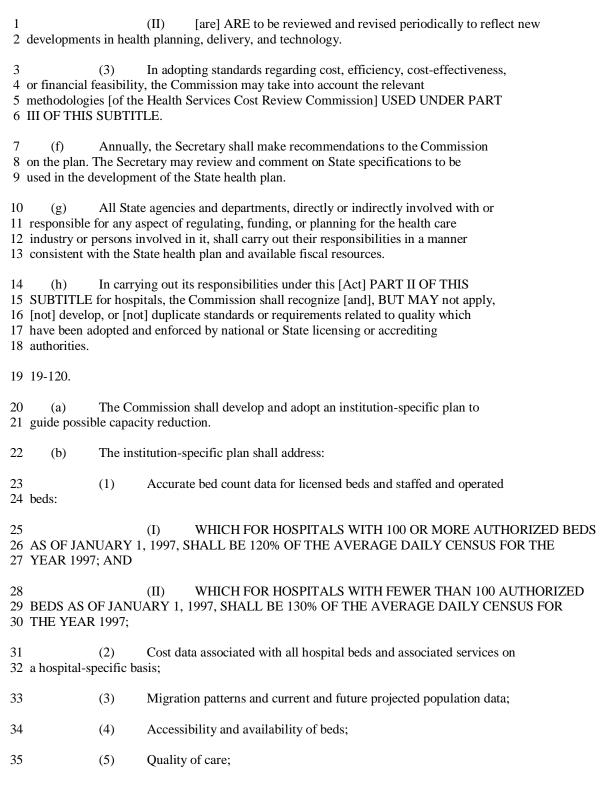
- 1 WILLFULNESS AND SERIOUSNESS OF THE WITHHOLDING AS WELL AS ANY PAST
- 2 HISTORY OF WITHHOLDING OF INFORMATION:
- 3 (II) ISSUE AN ADMINISTRATIVE ORDER THAT REQUIRES THE
- 4 APPLICANT TO PROVIDE THE INFORMATION; OR
- 5 (III) APPLY TO THE CIRCUIT COURT IN THE COUNTY IN WHICH THE
- 6 FACILITY IS LOCATED FOR LEGAL RELIEF CONSIDERED APPROPRIATE BY THE
- 7 COMMISSION.
- 8 (3) THE COMMISSION MAY SEND TO A LOCAL HEALTH PLANNING
- 9 AGENCY ANY STATISTICAL OR OTHER INFORMATION THE COMMISSION IS
- 10 AUTHORIZED TO COLLECT UNDER PARAGRAPH (1) OF THIS SUBSECTION.
- 11 (C) (1) AS EARLY AS POSSIBLE, BUT AT LEAST 60 DAYS BEFORE THE
- 12 SECRETARY SUBMITS TO THE GOVERNOR THE ANNUAL REVISION OF THE
- 13 DEPARTMENT'S EXECUTIVE PLAN, THE SECRETARY SHALL SUBMIT THE PROGRAM
- 14 PLAN AND BUDGETARY PRIORITIES IN THE PLAN TO THE COMMISSION FOR REVIEW
- 15 AND COMMENT.
- 16 (2) THE COMMISSION SHALL:
- 17 (I) SEND TO EACH LOCAL HEALTH PLANNING AGENCY FOR
- 18 REVIEW AND COMMENT A COPY OF THE PROPOSED BUDGETARY PRIORITIES THAT
- 19 AFFECT THE HEALTH SERVICE AREA FOR WHICH THE LOCAL HEALTH PLANNING
- 20 AGENCY IS RESPONSIBLE; AND
- 21 (II) SUBMIT TO THE SECRETARY ITS COMMENTS ON THE PROPOSED
- 22 PROGRAM AND BUDGETARY PRIORITIES IN SUFFICIENT TIME FOR THE SECRETARY
- 23 TO CONSIDER THE COMMENTS PRIOR TO THIS SUBMISSION TO THE GOVERNOR.
- 24 19-115.
- 25 (a) In accordance with criteria that the Commission sets, the Governor shall
- 26 designate health service areas in this State.
- 27 (b) After a 1-year period, the Governor may review or revise the boundaries of
- 28 a health service area or increase the number of health service areas, on the
- 29 Governor's initiative, at the request of the Commission, at the request of a local
- 30 government, or at the request of a local health planning agency. Revisions to
- 31 boundaries of health service areas shall be done in accordance with the criteria
- 32 established by the Commission and with the approval of the legislature.
- 33 (c) Within 45 days of receipt of the State health plan or a change in the State
- 34 health plan, the plan becomes effective unless the Governor notifies the Commission
- 35 of his intent to modify or revise the State health plan adopted by the Commission.

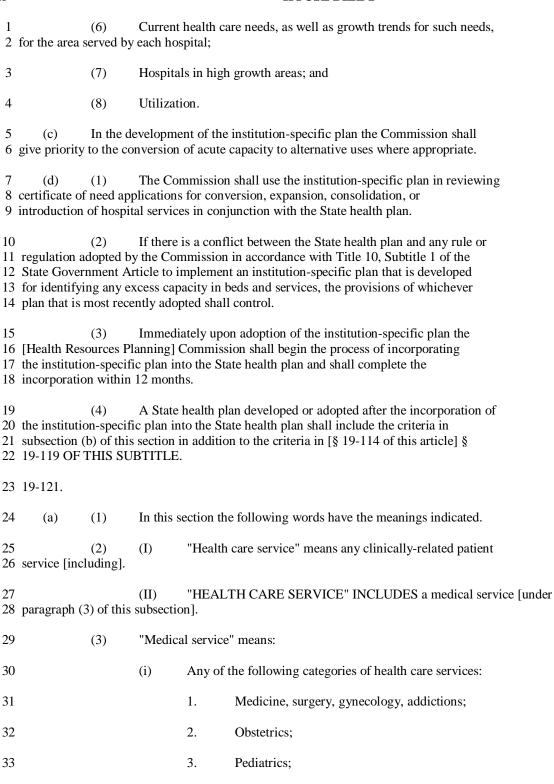
- 1 19-116.
- 2 (a) The Commission shall designate, for each health service area, not more 3 than 1 local health planning agency.
- 4 (B) Local health systems agencies shall be designated as the local health 5 planning agency for a one-year period beginning October 1, 1982, provided that the 6 local health systems agency has:
- 7 (1) Full or conditional designation by the federal government by October 8 1, 1982;
- 9 (2) The ability to perform the functions prescribed in subsection [(c)] (D) 10 of this section; or
- 11 (3) Received the support of the local governments in the areas in which 12 the agency is to operate.
- 13 [(b)] (C) The Commission shall establish by [regulations] REGULATION 14 criteria for designation of local health planning agencies.
- 15 [(c)] (D) Applicants for designation as the local health planning agency shall, 16 at a minimum, be able to:
- 17 (1) Assure broad citizen representation, including a board with a 18 consumer majority;
- 19 (2) Develop a local health plan by assessing local health needs and
- 20 resources, establishing local standards and criteria for service characteristics,
- 21 consistent with State specifications, and setting local goals and objectives for systems
- 22 development;
- 23 (3) Provide input into the development of statewide criteria and 24 standards for certificate of need and health planning; and
- 25 (4) Provide input into evidentiary hearings on the evaluation of
- 26 certificate of need applications from its area. Where no local health planning agency
- 27 is designated, the Commission shall seek the advice of the local county government of
- 28 the affected area.
- 29 [(d)] (E) The Commission shall require that in developing local health plans, 30 each local health planning agency:
- 31 (1) Use the population estimates that the Department prepares under § 32 4-218 of this article;
- 33 (2) Use the figures and special age group projections that the Office of 34 Planning prepares annually for the Commission;
- 35 (3) Meet applicable planning specifications; and



34 policies of the local health planning agency.







4.

34

Psychiatry;

6 10. Residential treatment; or

9.

7 (ii) Any subcategory of the rehabilitation, psychiatry, 8 comprehensive care, or intermediate care categories of health care services for which 9 need is projected in the State health plan.

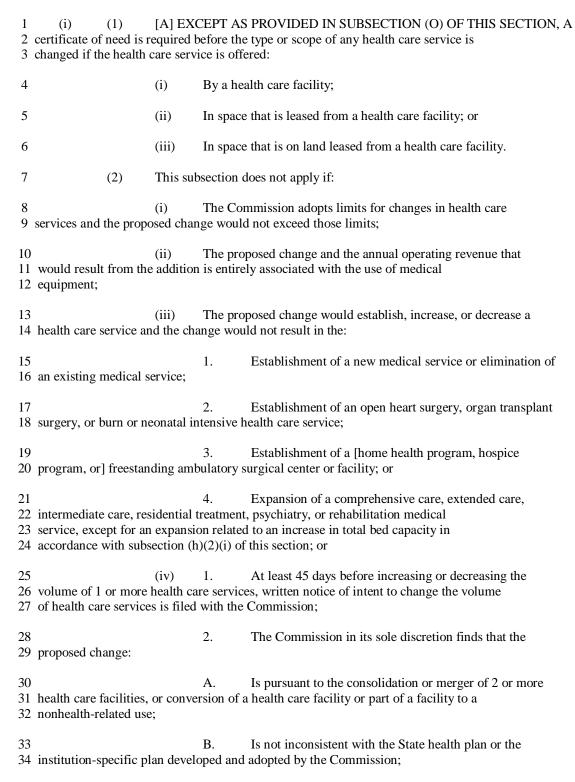
Intermediate care; or

- 10 (b) The Commission may set an application fee for a certificate of need for 11 HEALTH CARE facilities not assessed a user fee under [§ 19-122] § 19-111 of this 12 subtitle.
- 13 (c) The Commission shall adopt rules and regulations for applying for and 14 issuing certificates of need.
- 15 (d) [(1)] The Commission may adopt, after October 1, 1983, new thresholds or
- 16 methods for determining the circumstances or minimum cost requirements under
- 17 which a certificate of need application must be filed. [The Commission shall study
- 18 alternative approaches and recommend alternatives that will streamline the current
- 19 process, and provide incentives for management flexibility through the reduction of
- 20 instances in which applicants must file for a certificate of need.
- 21 (2) The Commission shall conduct this study and report to the General 22 Assembly by October 1, 1985.]
- 23 (e) (1) A person shall have a certificate of need issued by the Commission
- 24 before the person develops, operates, or participates in any of the following health
- 25 care projects for which a certificate of need is required under this section.
- 26 (2) A certificate of need issued prior to January 13, 1987 may not be
- 27 rendered wholly or partially invalid solely because certain conditions have been
- 28 imposed, if an appeal concerning the certificate of need, challenging the power of the
- 29 Commission to impose certain conditions on a certificate of need, has not been noted
- 30 by an aggrieved party before January 13, 1987.
- 31 (f) [A] EXCEPT AS PROVIDED IN SUBSECTION (O) OF THIS SECTION, A
- 32 certificate of need is required before a new health care facility is built, developed, or
- 33 established.

5

- 34 (g) (1) [A] EXCEPT AS PROVIDED IN SUBSECTION (O) OF THIS SECTION, A
- 35 certificate of need is required before a health care facility is moved to another site.
- 36 (2) This subsection does not apply if:

1 2	1 (i) T 2 relocation does not exceed those			adopts limits for relocations and the proposed
5	(ii) T 4 of an existing hospital or related 5 the relocation is to another part of 6 existing hospital or related institu	instituti of the sit	on, as de	
	7 (h) (1) [A] EXCE 8 certificate of need is required bef 9 changed.			DED IN SUBSECTION (O) OF THIS SECTION, A acity of a health care facility is
10 11	0 (2) This subset	ection de	oes not a <sub>l</sub>	pply to any increase or decrease in bed
12 13	2 (i) D 3 exceed the lesser of 10 percent of			period the increase or decrease would not apacity or 10 beds;
14 15	4 (ii) 1 5 for an existing medical service;		The incre	ease or decrease would change the bed capacity
16	6 2		A.	The change would not increase total bed capacity;
17	7 B	3.	The chan	nge is maintained for at least a 1-year period; and
	8 9 written notice to the Commission 20 inventory of the hospital's licens	n descri	bing the	
	· ,			45 days before increasing or decreasing bed apacity is filed with the Commission;
24 25	24 25 proposed change:		The Com	nmission in its sole discretion finds that the
	An Analth care facilities, or conversions nonhealth-related use;			ant to the consolidation or merger of 2 or more are facility or part of a facility to a
29 30	B0 institution-specific plan develop			consistent with the State health plan or the ission;
31 32	the services; and		Will resu	alt in the delivery of more efficient and effective
33	23 E	).	Is in the	public interest.
34 35	34 (3) Within 45 35 health care facility of its finding		receivin	g notice, the Commission shall notify the

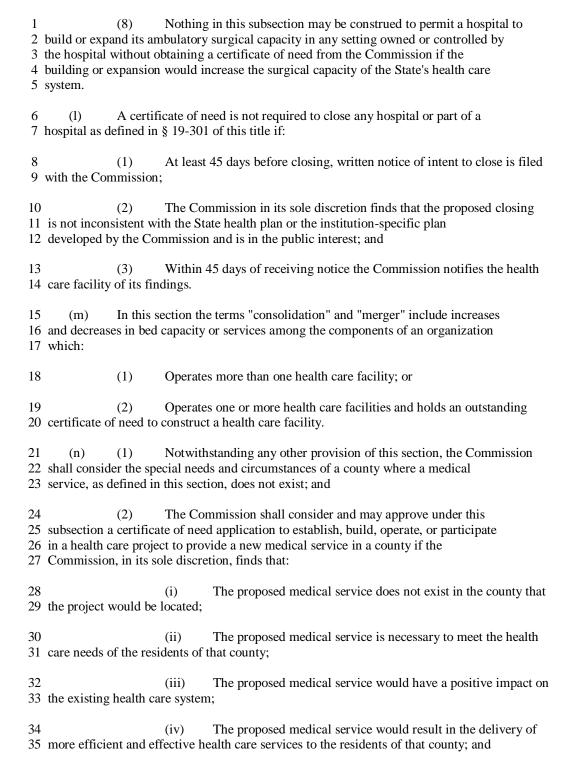


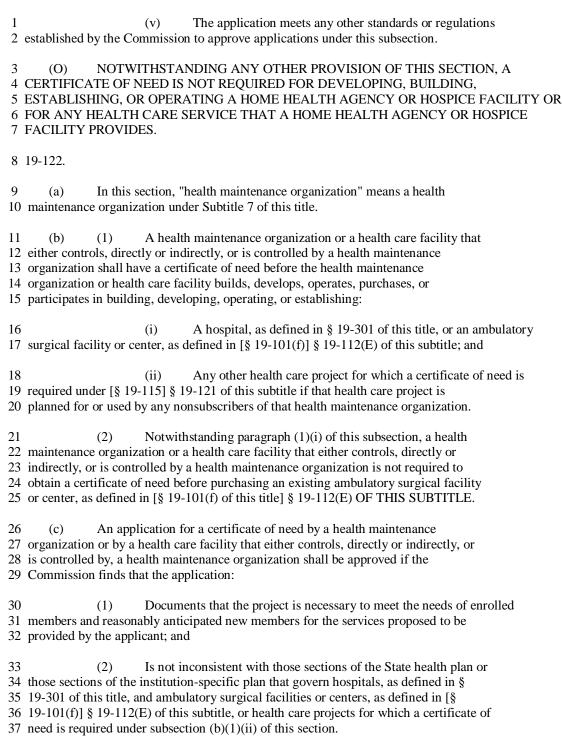
1 2	health care services; and	C.	Will result in the delivery of more efficient and effective
3		D.	Is in the public interest; and
4 5	subparagraph, the Commission	3. shall n	Within 45 days of receiving notice under item 1 of this otify the health care facility of its finding.
6 7	[(3) Notwith certificate of need is required:	standing	g the provisions of paragraph (2) of this subsection, a
8 9	(i) health care service is established		an additional home health agency, branch office, or home existing health care agency or facility;
		ncy or h	an existing home health agency or health care facility ome health care service at a location in the ious certificate of need or license;
15 16	separates the ownership of the	care ser branch	a transfer of ownership of any branch office of a home vice of an existing health care facility that office from the home health agency or home th care facility which established the branch
18 19	(iv) health care facility that:	Before	the expansion of a home health service or program by a
20 21	certificate of need between Jan	1. nuary 1,	Established the home health service or program without a 1984 and July 1, 1984; and
24			During a 1-year period, the annual operating revenue of ould be greater than \$333,000 after an annual appropriate index specified by the
		before a	S PROVIDED IN SUBSECTION (O) OF THIS SECTION, A ny of the following capital expenditures are facility:
29 30	(i) principles, is not properly char		ependiture that, under generally accepted accounting as an operating or maintenance expense, if:
33 34	regulations of the Commission	n, the to	The expenditure is made as part of an acquisition, adjustment for inflation as provided in the tal expenditure, including the cost of each study, g, specification, and other essential activity, is

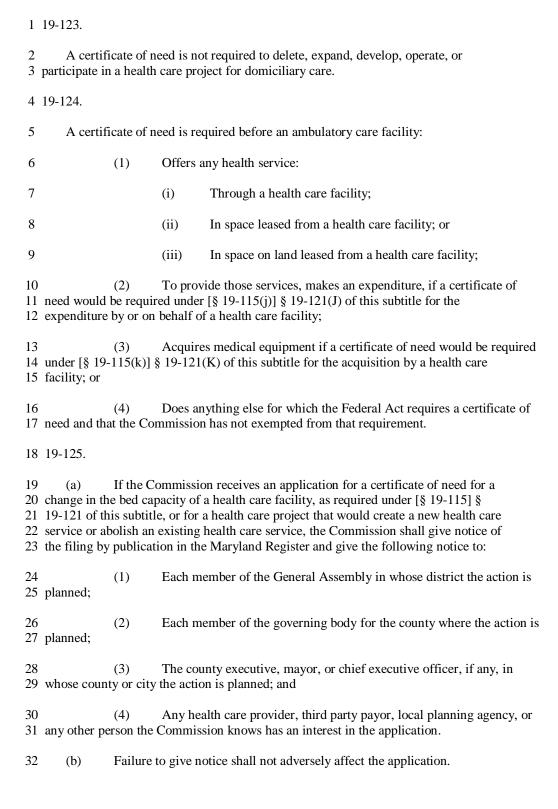
	2. The expenditure is made as part of a replacement of any plant and equipment of the health care facility and is more than \$1,250,000 after adjustment for inflation as provided in the regulations of the Commission;				
4 5	The expenditure results in a substantial change in the bed capacity of the health care facility; or				
	4. The expenditure results in the establishment of a new medical service in a health care facility that would require a certificate of need under subsection (i) of this section; or				
9 10	(ii) Any expenditure that is made to lease or, by comparable arrangement, obtain any plant or equipment for the health care facility, if:				
13 14	1. The expenditure is made as part of an acquisition, 2 improvement, or expansion, and, after adjustment for inflation as provided in the 3 rules and regulations of the Commission, the total expenditure, including the cost of 4 each study, survey, design, plan, working drawing, specification, and other essential 5 activity, is more than \$1,250,000;				
	The expenditure is made as part of a replacement of any plant and equipment and is more than \$1,250,000 after adjustment for inflation as provided in the regulations of the Commission;				
19 20	3. The expenditure results in a substantial change in the bed capacity of the health care facility; or				
	4. The expenditure results in the establishment of a new medical service in a health care facility that would require a certificate of need under subsection (i) of this section.				
26	4 (2) A certificate of need is required before any equipment or plant is 5 donated to a health care facility, if a certificate of need would be required under 6 paragraph (1) of this subsection for an expenditure by the health care facility to 7 acquire the equipment or plant directly.				
30	A certificate of need is required before any equipment or plant is transferred to a health care facility at less than fair market value if a certificate of need would be required under paragraph (1) of this subsection for the transfer at fair market value.				
	(4) A certificate of need is required before a person acquires a health care facility if a certificate of need would be required under paragraph (1) of this subsection for the acquisition by or on behalf of the health care facility.				
35	(5) This subsection does not apply to:				
36	(i) Site acquisition;				

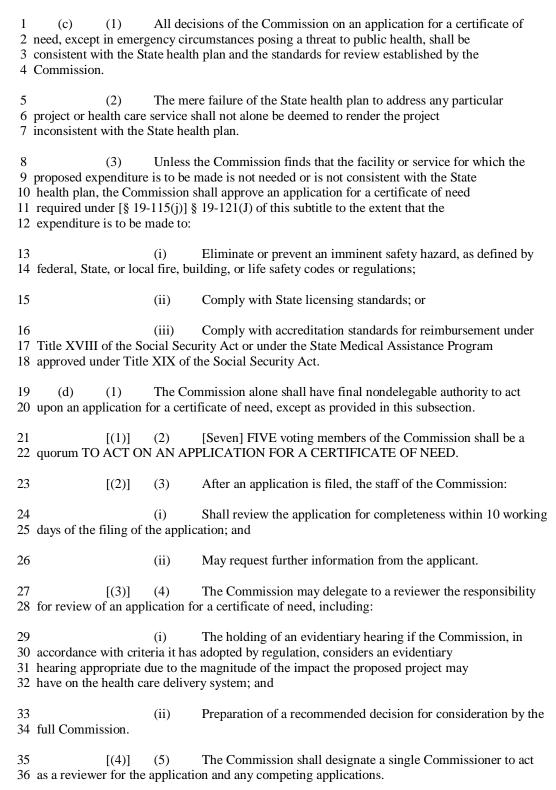
3 4	(ii) Acquisition of a health care facility if, at least 30 days before making the contractual arrangement to acquire the facility, written notice of the intent to make the arrangement is filed with the Commission and the Commission does not find, within 30 days after the Commission receives notice, that the health services or bed capacity of the facility will be changed;				
6 7	(iii) related to patient care;	Acquisit	tion of business or office equipment that is not directly		
8 9	(iv) to the acquisition and installation		expenditures to the extent that they are directly related jor medical equipment;		
	(v) A capital expenditure made as part of a consolidation or merger of 2 or more health care facilities, or conversion of a health care facility or part of a facility to a nonhealth-related use if:				
13 14	notice of intent is filed with th	1. e Commi	At least 45 days before an expenditure is made, written ission;		
15 16	sole discretion finds that the pr	2. coposed c	Within 45 days of receiving notice, the Commission in its consolidation, merger, or conversion:		
17 18	institution-specific plan develo	A. pped by the	Is not inconsistent with the State health plan or the he Commission as appropriate;		
19 20	health care services; and	B.	Will result in the delivery of more efficient and effective		
21		C.	Is in the public interest; and		
22 23	notify the health care facility of	3. of its find	Within 45 days of receiving notice, the Commission shall ing;		
24 25	(vi) construction, or renovation that		all expenditure by a nursing home for equipment,		
26		1.	Is not directly related to patient care; and		
27 28	other rates;	2.	Is not directly related to any change in patient charges or		
29 30	(vii) this title, for equipment, constr		all expenditure by a hospital, as defined in § 19-301 of or renovation that:		
31		1.	Is not directly related to patient care; and		
32		2.	Does not increase patient charges or hospital rates;		
33 34	(viii) this title, for a project in excess		all expenditure by a hospital as defined in § 19-301 of 50,000 for construction or renovation that:		

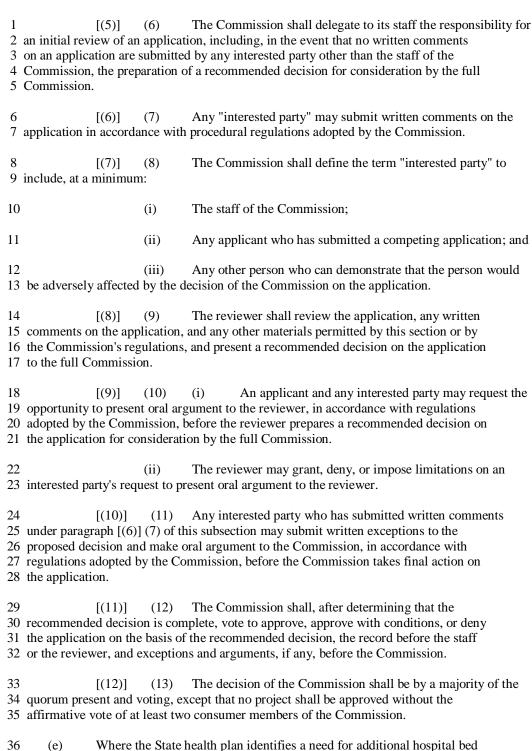
1	1. May be related to patient care;				
4 5	2. Does not require, over the entire period or schedule of debt service associated with the project, a total cumulative increase in patient charges or hospital rates of more than \$1,500,000 for the capital costs associated with the project as determined by the Commission[, after consultation with the Health Services Cost Review Commission];				
9	3. At least 45 days before the proposed expenditure is made, the hospital notifies the Commission and within 45 days of receipt of the relevant financial information, the Commission makes the financial determination required under item 2 of this subparagraph; and				
	4. The relevant financial information to be submitted by the hospital is defined in regulations [promulgated] ADOPTED by the Commission[, after consultation with the Health Services Cost Review Commission]; or				
16 17	(ix) A plant donated to a hospital as defined in § 19-301 of this title, which does not require a cumulative increase in patient charges or hospital rates of more than \$1,500,000 for capital costs associated with the donated plant as determined by the Commission[, after consultation with the Health Services Cost Review Commission] that:				
21	1. At least 45 days before the proposed donation is made, the hospital notifies the Commission and within 45 days of receipt of the relevant financial information, the Commission makes the financial determination required under this subparagraph; and				
	2. The relevant financial information to be submitted by the hospital is defined in regulations [promulgated] ADOPTED by the Commission [after consultation with the Health Services Cost Review Commission].				
	Paragraph (5)(vi), (vii), (viii), and (ix) of this subsection may not be construed to permit a facility to offer a new health care service for which a certificate of need is otherwise required.				
31 32	9 (7) Subject to the notice requirements of paragraph (5)(ii) of this 0 subsection, a hospital may acquire a freestanding ambulatory surgical facility or 1 office of one or more health care practitioners or a group practice with one or more 2 operating rooms used primarily for the purpose of providing ambulatory surgical 3 services if the facility, office, or group practice:				
34	(i) Has obtained a certificate of need;				
35 36	(ii) Has obtained an exemption from certificate of need requirements; or				
37 38	(iii) Did not require a certificate of need in order to provide ambulatory surgical services after June 1, 1995.				



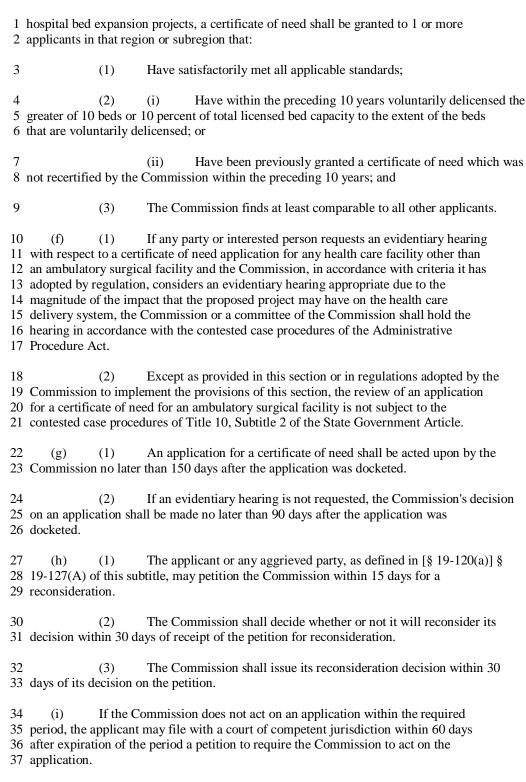


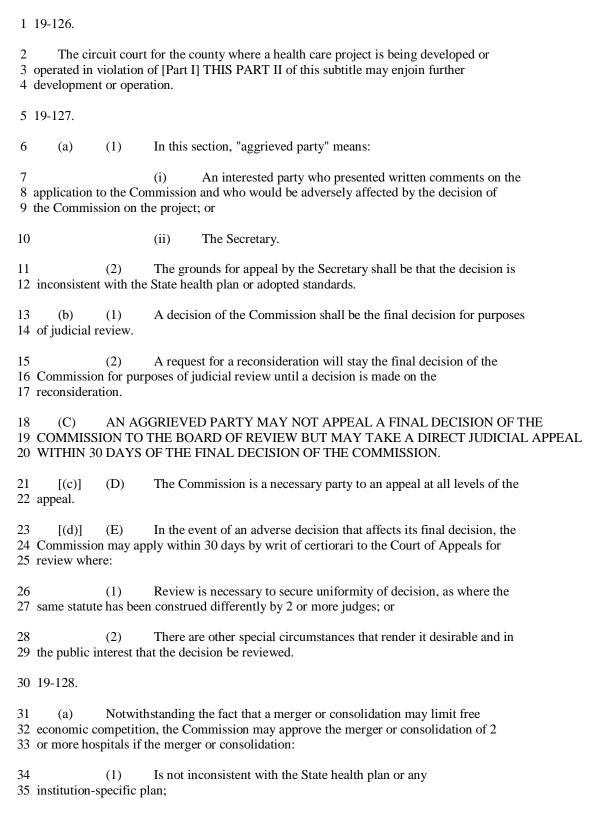






37 capacity in a region or subregion, in a comparative review of 2 or more applicants for

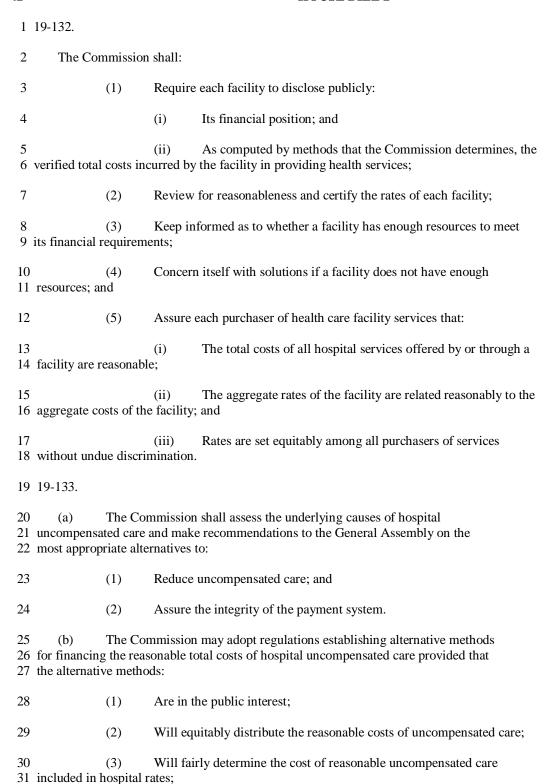




1 2	services; and	(2)	Will res	ult in the delivery of more efficient and effective hospital			
3		(3)	Is in the public interest.				
6 7	competition,	nd operat a hospita major m	ion of ma al may en	the fact that a merger or consolidation or the joint ujor medical equipment may limit free economic gage in a merger or consolidation or the joint uipment that has been approved by the Commission			
9				PART III. HEALTH CARE FACILITY RATE SETTING.			
10	19-129.						
11 12	(a) meanings in		subtitle] l	PART III OF THIS SUBTITLE the following words have the			
13	(b)	["Comn	nission" n	neans the State Health Services Cost Review Commission.			
14	(c)]	"Facility	y" means,	whether operated for a profit or not:			
15		(1)	Any hos	pital; or			
16		(2)	Any rela	ated institution.			
17	[(d)]	(C)	(1)	"Hospital services" means:			
18 19	Regulation 4	12 C.F.R.	(i) § 409.10	Inpatient hospital services as enumerated in Medicare ), as amended;			
20			(ii)	Emergency services;			
21			(iii)	Outpatient services provided at the hospital; and			
22 23	Commission	ı-approve	(iv) ed rates or	Identified physician services for which a facility has n June 30, 1985.			
24 25	services.	(2)	"Hospita	al services" does not include outpatient renal dialysis			
26 27	[(e)] the Departm	(D) ent as:	(1)	"Related institution" means an institution that is licensed by			
28 29	Commission	ı; or	(i)	A comprehensive care facility that is currently regulated by the			
30			(ii)	An intermediate care facility - mental retardation.			
31 32	subsection, a	(2) as reclass		I institution" includes any institution in paragraph (1) of this n time to time by law.			

1 19-130.

2 3	2 (A) IN ADDITION TO THE DUTIES SET 3 IN THIS PART III OF THIS SUBTITLE THE COMM	FORTH ELSEWHERE IN THIS SUBTITLE, MISSION SHALL:
6 7	4 (1) WITHIN A REASONABLE TO 5 FISCAL YEAR OR MORE OFTEN AS THE COMMON 6 THE INFORMATION FILED WITH THE COMMIS 7 OTHER SUPPLEMENTARY REPORT THAT WILL 8 PART; AND	SION ANY SUMMARY, COMPILATION, OR
9 10	9 (2) PERIODICALLY PARTICIPA 10 THAT RELATE TO:	TE IN OR DO ANALYSES AND STUDIES
11	11 (I) HEALTH CARE COS	TS;
12	12 (II) THE FINANCIAL ST	ATUS OF ANY FACILITY; OR
13	13 (III) ANY OTHER APPRO	PRIATE MATTER.
14 15	14 (B) (1) THE COMMISSION SHALL S 15 REPORTS REQUIRED UNDER THIS PART.	SET DEADLINES FOR THE FILING OF
16 17	16 (2) THE COMMISSION MAY AI 17 PENALTIES FOR FAILURE TO FILE A REPORT	OOPT REGULATIONS THAT IMPOSE AS REQUIRED.
	18 (3) THE AMOUNT OF ANY PEN 19 SUBSECTION MAY NOT BE INCLUDED IN THE 20 ITS RATES.	ALTY UNDER PARAGRAPH (2) OF THIS COSTS OF A FACILITY IN REGULATING
21	21 19-131.	
	22 (a) (1) Except for a facility that is open 23 First Church of Christ, Scientist, Boston, Massachuse 24 jurisdiction over hospital services offered by or throu	
25 26	25 (2) The jurisdiction of the Commis 26 service shall terminate for a facility on the request of	sion over any identified physician the facility.
27 28	27 (3) The rate approved for an identification of the rate on June 30, 1985, adjusted by an appropriate	ned physician service may not exceed index of inflation.
29	29 (b) The Commission may not set rates for re	lated institutions until:
30 31	30 (1) State law authorizes the State M 31 reimburse related institutions at Commission rates; ar	
	32 (2) The United States Department of 33 to accept Commission rates as a method of providing 34 the State Medical Assistance Program.	of Health and Human Services agrees federal financial participation in

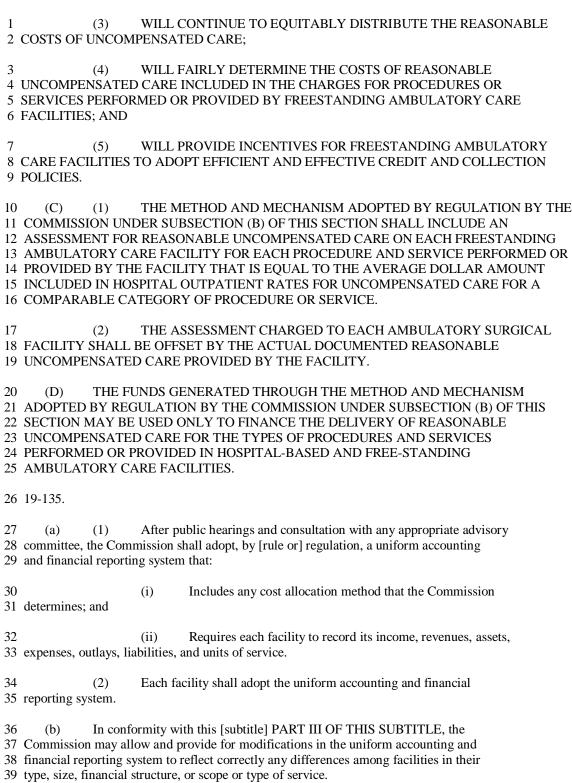


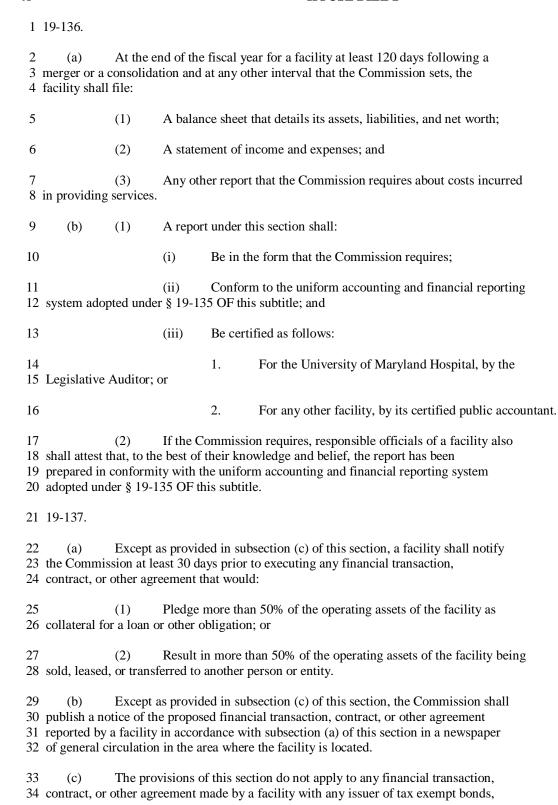
1 2	(4) Will continue incentives for hospitals to adopt efficient and effective credit and collection policies; and
3 4	(5) Will not result in significantly increasing costs to Medicare or the loss of Maryland's Medicare Waiver under Section 1814(b) of the Social Security Act.
	(c) Any funds generated through hospital rates under an alternative method adopted by the Commission in accordance with subsection (b) of this section may only be used to finance the delivery of hospital uncompensated care.
8	19-134.
9 10	(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.
11 12	(2) (I) "AMBULATORY SURGICAL FACILITY" MEANS ANY CENTER, SERVICE, OFFICE FACILITY, OR OTHER ENTITY THAT:
	1. OPERATES PRIMARILY FOR THE PURPOSE OF PROVIDING SURGICAL SERVICES TO PATIENTS REQUIRING A PERIOD OF POSTOPERATIVE OBSERVATION BUT NOT REQUIRING OVERNIGHT HOSPITALIZATION; AND
16 17	2. SEEKS REIMBURSEMENT FROM PAYORS AS AN AMBULATORY SURGERY CENTER.
18	(II) "AMBULATORY SURGICAL FACILITY" DOES NOT INCLUDE:
	1. THE OFFICE OF ONE OR MORE HEALTH CARE PRACTITIONERS SEEKING ONLY PROFESSIONAL REIMBURSEMENT FOR THE PROVISIONS OF MEDICAL SERVICES, UNLESS:
	A. THE OFFICE OPERATES UNDER CONTRACT OR OTHER AGREEMENT WITH A PAYOR AS AN AMBULATORY SURGICAL FACILITY REGARDLESS OF WHETHER IT IS PAID A TECHNICAL OR FACILITY FEE; OR
	B. THE OFFICE IS DESIGNATED TO RECEIVE AMBULATORY SURGICAL REFERRALS IN ACCORDANCE WITH UTILIZATION REVIEW OR OTHER POLICIES ADOPTED BY A PAYOR;
28 29	2. ANY FACILITY OR SERVICE OWNED OR OPERATED BY A HOSPITAL AND REGULATED UNDER THIS PART III OF THIS SUBTITLE;
30 31	3. THE OFFICE OF A HEALTH CARE PRACTITIONER WITH NOT MORE THAN ONE OPERATING ROOM IF:
32 33	A. THE OFFICE DOES NOT RECEIVE A TECHNICAL OR FACILITY FEE; AND
34 35	B. THE OPERATING ROOM IS USED EXCLUSIVELY BY THE HEALTH CARE PRACTITIONER FOR PATIENTS OF THE HEALTH CARE PRACTITIONER;

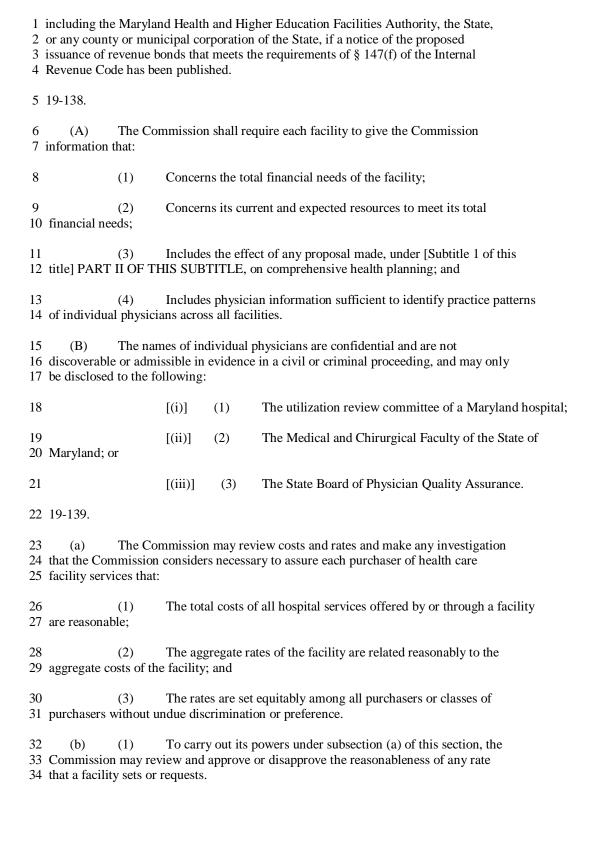
1 2	PRACTITIONERS W	TTH NO	4. T MORE	THE OFFICE OF A GROUP OF HEALTH CARE THAN ONE OPERATING ROOM IF:
3	FACILITY FEE; ANI	O	A.	THE OFFICE DOES NOT RECEIVE A TECHNICAL OR
5 6	MEMBERS OF THE	GROUP	B. PRACTI	THE OPERATING ROOM IS USED EXCLUSIVELY BY ICE FOR PATIENTS OF THE GROUP PRACTICE; OR
7 8	DENTISTS LICENSE	ED UND	5. ER THE	AN OFFICE OWNED OR OPERATED BY ONE OR MORE HEALTH OCCUPATIONS ARTICLE.
9	(3)	"FREES	STANDIN	NG AMBULATORY CARE FACILITY" MEANS:
10		(I)	AN AM	BULATORY SURGICAL FACILITY;
11		(II)	A FREE	STANDING ENDOSCOPY FACILITY;
12 13	EQUIPMENT;	(III)	A FREE	STANDING FACILITY UTILIZING MAJOR MEDICAL
14		(IV)	A KIDN	IEY DIALYSIS CENTER; OR
15		(V)	A FREE	STANDING BIRTHING CENTER.
	(4) PROVIDES NURSE OCCUPATIONS AR			TANDING BIRTHING CENTER" MEANS A FACILITY THAT ICES UNDER TITLE 8, SUBTITLE 6 OF THE HEALTH
19		(II)	"FREES	TANDING BIRTHING CENTER" DOES NOT INCLUDE:
20 21	SUBTITLE; OR		1.	A HOSPITAL REGULATED UNDER THIS PART III OF THIS
22			2.	THE PRIVATE RESIDENCE OF THE MOTHER.
23	(5)	(I)	"FREES	TANDING ENDOSCOPY FACILITY" MEANS A FACILITY:
26		LAPARO	OSCOPIC	FOR THE TESTING, DIAGNOSIS, OR TREATMENT OF A CTION WITH THE USE OF MICROSCOPIC, C EQUIPMENT THAT IS INSERTED IN A NATURALLY DY; AND
28 29	ENDOSCOPY FACI	LITY FR	2. ROM PAY	THAT SEEKS REIMBURSEMENT AS A FREESTANDING YORS OR MEDICARE.
30		(II)	"FREES	TANDING ENDOSCOPY FACILITY" DOES NOT INCLUDE:
31 32	PRACTITIONERS U	INLESS:	1.	THE OFFICE OF ONE OR MORE HEALTH CARE

15	HOUSE BILL 2
	A. THE OFFICE OPERATES UNDER A CONTRACT OR OTHER AGREEMENT WITH A PAYOR AS A FREESTANDING ENDOSCOPY FACILITY REGARDLESS OF WHETHER IT IS PAID A TECHNICAL OR FACILITY FEE; OR
	B. THE OFFICE IS DESIGNATED TO RECEIVE ENDOSCOPIC REFERRALS IN ACCORDANCE WITH UTILIZATION REVIEW OR OTHER POLICIES ADOPTED BY A PAYOR; OR
7 8	2. ANY FACILITY OR SERVICE OPERATED BY A HOSPITAL AND REGULATED UNDER THIS PART III OF THIS SUBTITLE.
9 10	(6) (I) "FREESTANDING FACILITY OPERATING MAJOR MEDICAL EQUIPMENT" MEANS A FACILITY USING MAJOR MEDICAL EQUIPMENT.
	(II) "FREESTANDING FACILITY OPERATING MAJOR MEDICAL EQUIPMENT" DOES NOT INCLUDE ANY FACILITY OR SERVICE OWNED OR OPERATED BY A HOSPITAL AND REGULATED UNDER THIS PART.
16	(7) "GROUP PRACTICE" MEANS A GROUP OF TWO OR MORE HEALTH CARE PRACTITIONERS LEGALLY ORGANIZED AS A PARTNERSHIP, PROFESSIONAL CORPORATION, FOUNDATION, NONPROFIT CORPORATION, FACULTY PRACTICE PLAN, OR SIMILAR ASSOCIATION:
20	(I) IN WHICH EACH HEALTH CARE PRACTITIONER WHO IS A MEMBER OF THE GROUP PROVIDES SUBSTANTIALLY THE FULL RANGE OF SERVICES THAT THE PRACTITIONER ROUTINELY PROVIDES THROUGH THE JOINT USE OF SHARED OFFICE SPACE, FACILITIES, EQUIPMENT, AND PERSONNEL;
22 23	(II) FOR WHICH SUBSTANTIALLY ALL OF THE SERVICES OF THE HEALTH CARE PRACTITIONERS WHO ARE MEMBERS OF THE GROUP ARE:
24	1. PROVIDED THROUGH THE GROUP; AND
25 26	2. BILLED IN THE NAME OF THE GROUP AND ANY AMOUNTS RECEIVED ARE TREATED AS RECEIPTS OF THE GROUP; AND
	(III) IN WHICH THE OVERHEAD EXPENSES OF AND THE INCOME FROM THE GROUP ARE DISTRIBUTED IN ACCORDANCE WITH METHODS PREVIOUSLY DETERMINED ON AN ANNUAL BASIS BY MEMBERS OF THE GROUP.
32	(8) "HEALTH CARE PRACTITIONER" MEANS A PERSON WHO IS LICENSED, CERTIFIED, OR OTHERWISE AUTHORIZED UNDER THE HEALTH OCCUPATIONS ARTICLE TO PROVIDE MEDICAL SERVICES, INCLUDING SURGICAL SERVICES, IN THE ORDINARY COURSE OF BUSINESS OR PRACTICE OF A PROFESSION.
34 35	(9) (I) "KIDNEY DIALYSIS CENTER" MEANS A FACILITY THAT PROVIDES HEMODIALYSIS OR CHRONIC PERITONEAL DIALYSIS.

	OR SERVICE OWNE PART III OF THIS S		"KIDNEY DIALYSIS CENTER" DOES NOT INCLUDE ANY FACILITY PERATED BY A HOSPITAL AND REGULATED UNDER THIS E.
4	(10)	"MAJOI	R MEDICAL EQUIPMENT" MEANS:
5		(I)	CARDIAC CATHETERIZATION EQUIPMENT;
6		(II)	A COMPUTER TOMOGRAPHY (CT) SCANNER;
7		(III)	A LITHOTRIPTER;
8 9	ACCELERATOR; OI	(IV)	RADIATION THERAPY EQUIPMENT, INCLUDING A LINEAR
10		(V)	A MAGNETIC RESONANCE IMAGER (MRI).
11	(11)	"PAYOI	R" MEANS:
14	TO OFFER HEALTH	H INSUR	A HEALTH INSURER, NONPROFIT HEALTH SERVICE PLAN, OR DRGANIZATION THAT HOLDS A CERTIFICATE OF AUTHORITY ANCE POLICIES, CONTRACTS, OR CERTIFICATES IN THE WITH THIS ARTICLE OR THE INSURANCE ARTICLE; OR
	UNDER CONTRAC' BENEFIT PLAN; OF		A THIRD PARTY ADMINISTRATOR OR ANY OTHER ENTITY A MARYLAND BUSINESS TO ADMINISTER A HEALTH
19		(III)	A SELF-INSURED GROUP.
20 21	(12) THERAPEUTIC OR		CAL SERVICES" MEANS ANY INVASIVE PROCEDURE WHETHER OSTIC INVOLVING THE USE OF:
22		(I)	ANY CUTTING INSTRUMENT;
23 24	LAPAROSCOPIC E	(II) QUIPME	MICROSCOPIC, ENDOSCOPIC, ARTHROSCOPIC, OR NT; OR
25 26	OTHER TISSUE.	(III)	A LASER FOR THE REMOVAL OR REPAIR OF AN ORGAN OR
29 30	AND MECHANISM CARE FOR THE TY	TO FIN. PES OF	ION MAY ADOPT REGULATIONS ESTABLISHING A METHOD ANCE THE REASONABLE TOTAL COST OF UNCOMPENSATED PROCEDURES AND SERVICES PERFORMED OR PROVIDED BY TORY CARE FACILITIES, PROVIDED THAT THE METHOD AND
32 33	(1) UNDER § 19-133 OF		SISTENT WITH THE METHOD ADOPTED BY THE COMMISSION UBTITLE;
34	(2)	IS IN TI	HE PUBLIC INTEREST:



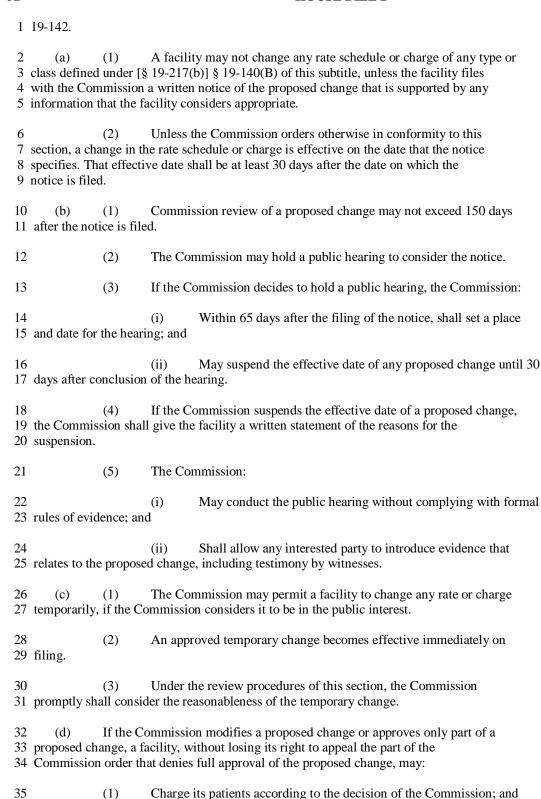


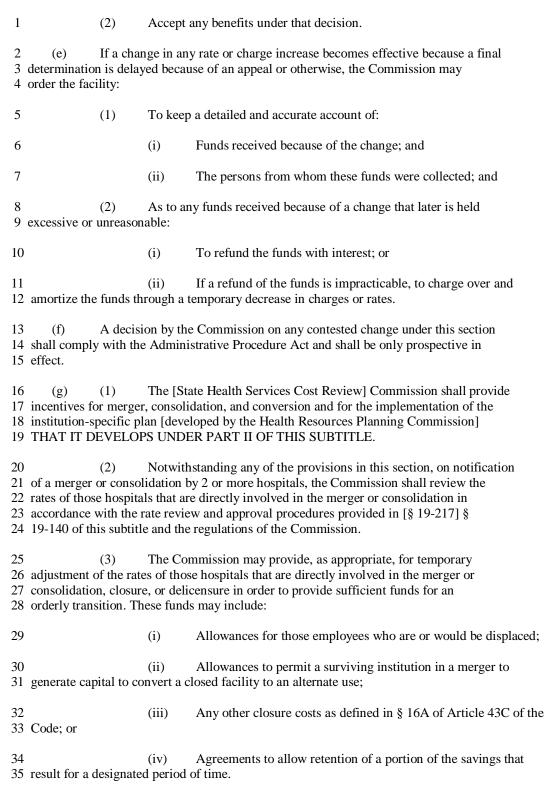


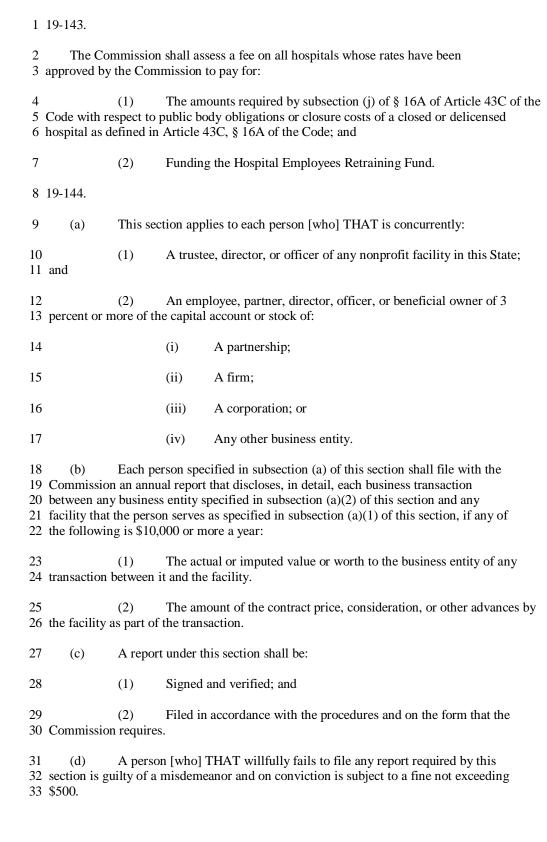
1 2	(2) with this [subtitle] PA		y shall charge for services only at a rate set in accordance F THIS SUBTITLE.
3	(3) take into account obje		mining the reasonableness of rates, the Commission may ndards of efficiency and effectiveness.
7	services and, if it is in PART III OF THIS S	the publi	nost efficient and effective use of health care facility ic interest and consistent with this [ subtitle] THIS E, the Commission may promote and approve alternate and payment that are of an experimental nature.
9	19-140.		
	( )		the statistical information needed for rate review and ll compile all relevant financial and accounting
13	(2)	The info	ormation shall include:
14		(i)	Necessary operating expenses;
15 16	patients who cannot o	(ii) or do not	Appropriate expenses that are incurred in providing services to pay;
17		(iii)	Incurred interest charges; and
18 19	expected useful life of	(iv) of propert	Reasonable depreciation expenses that are based on the y or equipment.
	` ' ' ' '		nmission shall define, by [rule or] regulation, the types and t be changed, except as specified in [§ 19-219] § 19-142
	AND CLASSES OF		THE COMMISSION SHALL DEFINE BY REGULATION THE TYPES AL OUTPATIENT SERVICES FOR WHICH HOSPITALS MAY SION-APPROVED RATES IF:
26 27		ES FOR	1. THE COMMISSION CONTINUES TO SET THE MAXIMUM THESE HOSPITAL OUTPATIENT SERVICES; AND
30	SERVICES ARE NO	T RECO	2. THE REVENUE LOSSES, IF ANY, ASSOCIATED WITH SION-APPROVED RATES FOR THESE HOSPITAL OUTPATIENT GNIZED BY THE COMMISSION AS REASONABLE COSTS FOR RE NOT USED TO JUSTIFY A RATE INCREASE.
34 35	OUTPATIENT SERT COMMISSION-APP	ROVED MAY E	IN DEFINING THE TYPES AND CLASSES OF HOSPITAL OR WHICH HOSPITALS MAY CHARGE BELOW RATES UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, STABLISH MINIMUM ALLOWABLE RATES FOR THESE ERVICES.

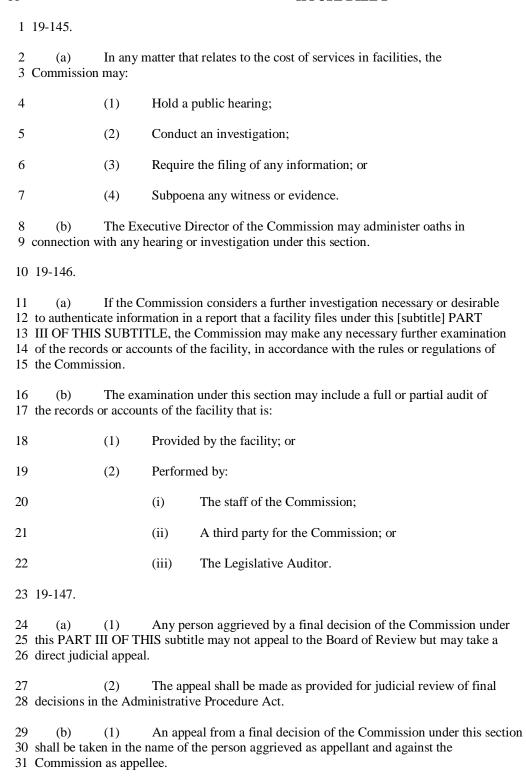
51	HOUSE BILL 2
3 4 5 6 7	(III) FOR ANY MINIMUM ALLOWABLE RATES ESTABLISHED UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE COMMISSION SHALL INCLUDE IN THE RATES AN ASSESSMENT FOR REASONABLE UNCOMPENSATED CARE FOR EACH OUTPATIENT PROCEDURE AND SERVICE PERFORMED OR PROVIDED BY THE HOSPITAL FOR WHICH THE HOSPITAL CHARGES BELOW COMMISSION-APPROVED RATES THAT ARE EQUAL TO THE AVERAGE DOLLAR AMOUNT INCLUDED IN THE HOSPITAL'S STANDARD COMMISSION-APPROVED RATE FOR UNCOMPENSATED CARE FOR THE SAME OUTPATIENT PROCEDURE OR SERVICE.
9 10	(c) The Commission shall obtain from each facility its current rate schedule and each later change in the schedule that the Commission requires.
11	(d) The Commission shall:
	(1) Permit a nonprofit facility to charge reasonable rates that will permit the facility to provide, on a solvent basis, effective and efficient service that is in the public interest; and
15 16	(2) Permit a proprietary profit-making facility to charge reasonable rates that:
17 18	(i) Will permit the facility to provide effective and efficient service that is in the public interest; and
	(ii) Based on the fair value of the property and investments that are related directly to the facility, include enough allowance for and provide a fair return to the owner of the facility.
24	(e) In the determination of reasonable rates for each facility, as specified in this section, the Commission shall take into account all of the cost of complying with recommendations made, under [Subtitle 1 of this title] PART II OF THIS SUBTITLE, on comprehensive health planning.
28	(f) In reviewing rates or charges or considering a request for change in rates or charges, the Commission shall permit a facility to charge rates that, in the aggregate, will produce enough total revenue to enable the facility to meet reasonably each requirement specified in this section.
	(g) Except as otherwise provided by law, in reviewing rates or charges or considering a request for changes in rates or charges, the Commission may not hold executive sessions.

- 33 19-141.
- The Commission shall use any reasonable, relevant, or generally accepted accounting principles to determine reasonable rates for each facility.



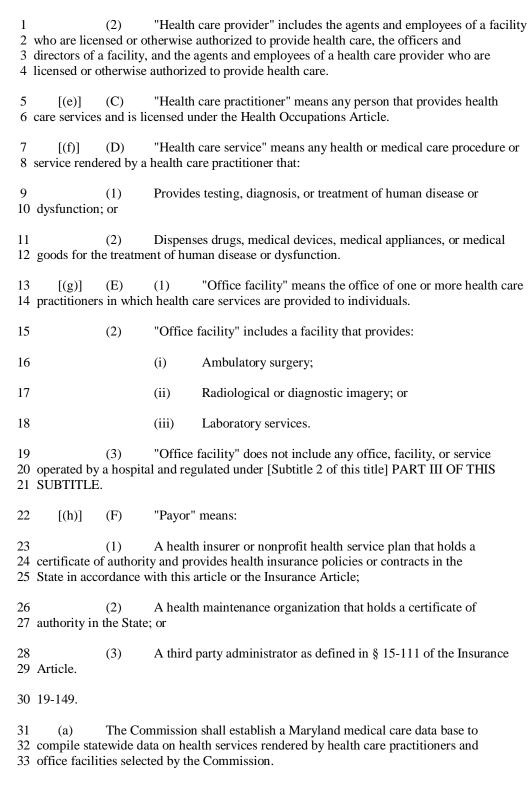


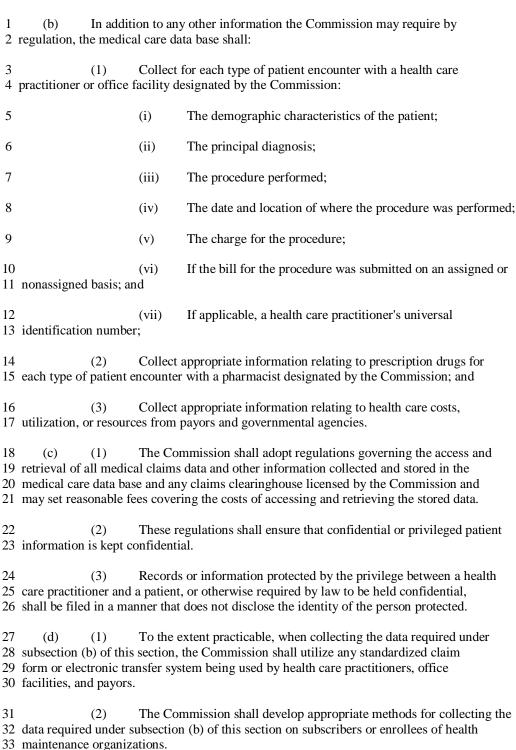


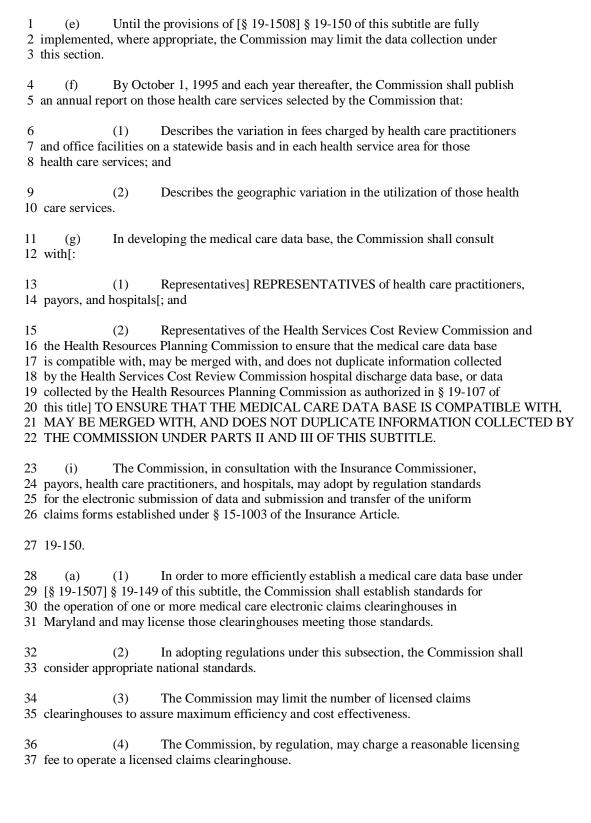


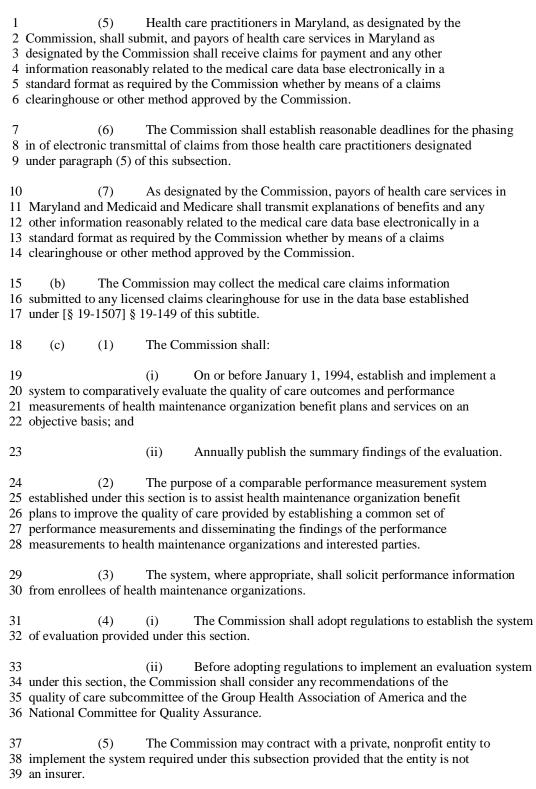
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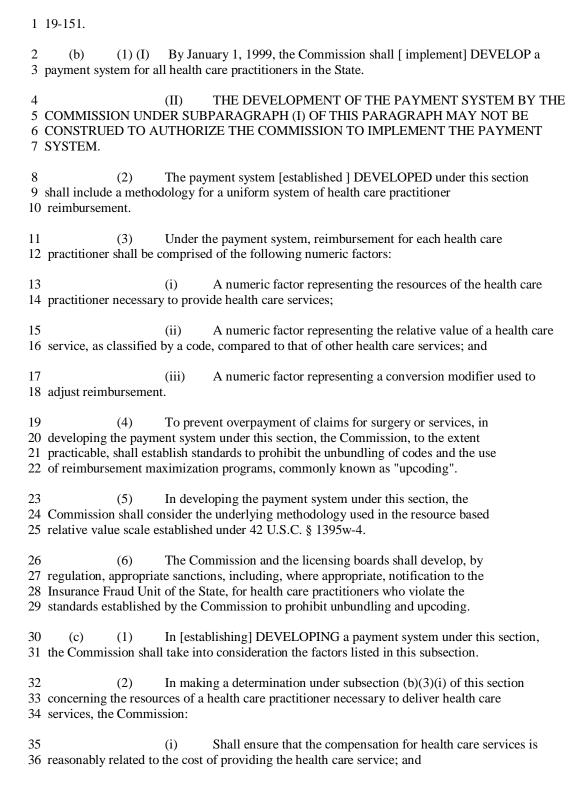
1 2	(2) appeal.	The Con	nmission	is a necessary party to an appeal at all levels of the
3	(3) decisions to a higher l			may appeal any decision that affects any of its final view.
5 6	(4) interested person may			by the appropriate court, any aggrieved party or cipate in an appeal at any level.
9	contracts with or pays	a facility	for heal	igency, or nonprofit health service plan that th care services has standing to participate in yed to appeal final decisions of the
11			PART I	V. MEDICAL CARE DATA COLLECTION.
12	19-148.			
13 14	(a) In this [s meanings indicated.	subtitle] I	PART IV	OF THIS SUBTITLE the following words have the
15 16	(b) ["Comm Commission.	ission" n	neans the	Maryland Health Care Access and Cost
				health benefit plan" means the comprehensive accordance with § 15-1207 of the Insurance
20	(d)] (1)	"Health	care prov	vider" means:
23			Article to	n who is licensed, certified, or otherwise authorized o provide health care in the ordinary course of n an approved education or training program;
25 26	including:	(ii)	A facilit	y where health care is provided to patients or recipients,
27			1.	[a] A facility, as defined in § 10-101(e) of this article[,];
28			2.	[a] A hospital, as defined in § 19-301(f) of this article[,];
29 30	article[,];		3.	[a] A related institution, as defined in § 19-301(n) of this
31 32	19-701(e) of this artic	ele[,];	4.	[a] A health maintenance organization, as defined in §
33			5.	[an] An outpatient clinic[,]; and
34			6.	[a] A medical laboratory.











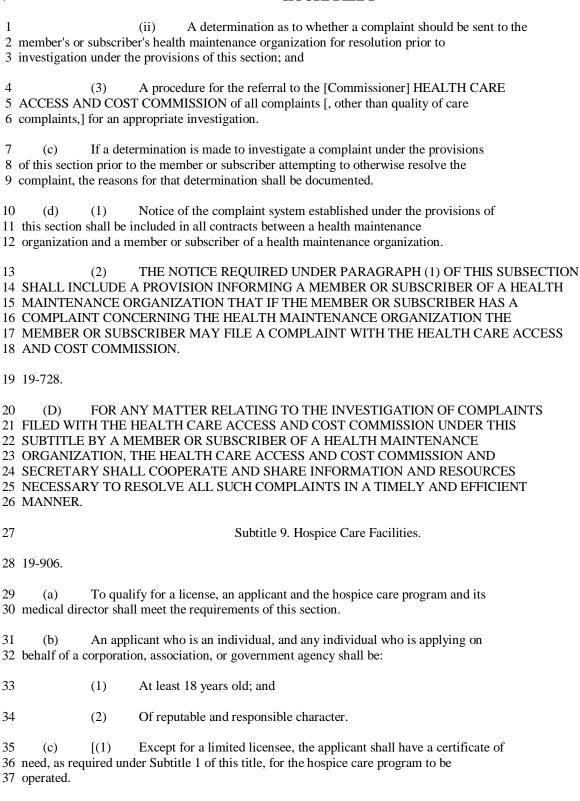
1		(ii)	Shall co	nsider:
2			1.	The cost of professional liability insurance;
3	regulatory requiremen	ts;	2.	The cost of complying with all federal, State, and local
5			3.	The reasonable cost of bad debt and charity care;
				The differences in experience or expertise among health of relative preeminence in the practitioner's on and continuing professional education;
9			5.	The geographic variations in practice costs;
10 11	necessary by the Con	nmission	6. to delive	The reasonable staff and office expenses deemed r health care services;
12 13	with a teaching hospi	tal; and	7.	The costs associated with a faculty practice plan affiliated
14			8.	Any other factors deemed appropriate by the Commission.
	(3) concerning the value Commission shall con	of a heal		rmination under subsection (b)(3)(ii) of this section ervice relative to other health care services, the
18 19	that of other health ca	(i) are servic		tive complexity of the health care service compared to
20		(ii)	The cog	nitive skills associated with the health care service;
21 22	care service; and	(iii)	The time	e and effort that are necessary to provide the health
23		(iv)	Any oth	er factors deemed appropriate by the Commission.
24 25	(4) modifier shall be:	Except a	ıs provide	ed under subsection (d) of this section, a conversion
26		(i)	A payor	's standard for reimbursement;
27		(ii)	A health	care practitioner's standard for reimbursement; or
28 29	practitioner.	(iii)	Arrange	ments agreed upon between a payor and a health care
30	19-152.			
31 32				olement a system to encourage health care costs of health care services.

- **HOUSE BILL 2** 1 (b) The Commission may require health care practitioners of selected health 2 care specialties to cooperate with licensed operators of clinical resource management 3 systems that allow health care practitioners to critically analyze their charges and 4 utilization of services in comparison to their peers. 5 If the Commission determines that clinical resource management systems (c) 6 are not available in the private sector, the Commission, in consultation with 7 interested parties including payors, health care practitioners, and the Maryland 8 Hospital Association, may develop a clinical resource management system. 9 The Commission may adopt regulations to govern the licensing of clinical 10 resource management systems to ensure the accuracy and confidentiality of 11 information provided by the system. 12 19-153. 13 In any matter that relates to the utilization or cost of health care services 14 rendered by health care practitioners or office facilities, the Commission may: 15 Hold a public hearing; (1) Conduct an investigation; or 16 (2) 17 Require the filing of any reasonable information. (3) 18 19-154. If the Commission considers a further investigation necessary or desirable to 20 authenticate information in a report that a health care practitioner or office facility 21 files under this subtitle, the Commission may make necessary further examination of 22 the records or accounts of the health care practitioner or office facility, in accordance 23 with the regulations of the Commission. 24 Subtitle 4. Home Health Agencies. 25 19-404. The Department shall adopt rules and regulations that set standards for 26 27 the care, treatment, health, safety, welfare, and comfort of patients of home health 28 agencies. 29 The rules and regulations shall provide for the licensing of home health
- 30 agencies and annual license renewal, and shall establish standards that require as a 31 minimum, that all home health agencies:
- 32 Within 10 days of acceptance of a patient for skilled care, make and (1) 33 record all reasonable efforts to contact a physician to obtain the signed order required 34 under paragraph (2) OF THIS SUBSECTION;

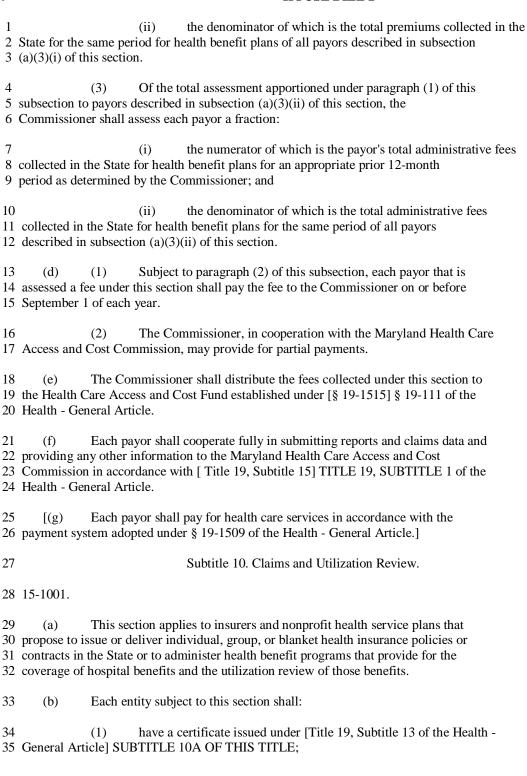
1 2	a physician o	(2) obtained v	That accept patients for skilled care do so only on the signed order of stained within 28 days after acceptance;					
3		(3)	Adopt procedures for the administration of drugs and biologicals;					
4		(4)	Maintair	n clinical records on all patients accepted for skilled care;				
5		(5)	Establish	h patient care policies and personnel policies;				
6 7	available on	(6) an emerg		rvices available at least 8 hours a day, 5 days a week, and is 24 hours a day, 7 days a week;				
8 9	referral wher	(7) n stipulate		ervice available to an individual in need within 24 hours of a hysician's order;				
	employee of additionally		ncy and is	designated supervisor of patient care who is a full-time available at all times during operating hours and				
			xperience	the administrator of the agency a person who has at least 1 e in hospital management, home health management, or ement and who is:				
16			(i)	A licensed physician;				
17			(ii)	A registered nurse; or				
18 19	field.		(iii)	A college graduate with a bachelor's degree in a health-related				
20	(c)	The rule	es and reg	gulations may include provisions that:				
21		(1)	Deal wit	th the establishment of home health agencies;				
22 23	professional	(2) group th		each home health agency to have its policies established by a es at least:				
24			(i)	1 physician;				
25			(ii)	1 registered nurse;				
26			(iii)	1 representative of another offered service; and				
27			(iv)	1 public member;				
28		(3)	Govern	the services provided by the home health agencies;				
29 30	treatment to	(4) be provi		keeping clinical records of each patient, including the plan of				
31		(5)	Govern	supervision of the services, as appropriate, by:				

1		(i)	A physician;
2		(ii)	A registered nurse; or
3 4	advanced training to s	(iii) supervise	Another health professional who is qualified sufficiently by the same kind of services in a hospital; and
5 6	(6) utilization statistics.	Require	submission of an annual report which includes service
7 8	(d) (1) Secretary shall be dee		health agency accredited by an organization approved by the neet State licensing regulations.
9 10	(2) accreditation organiz	(i) ation to th	The home health agency shall submit the report of the he Secretary within 30 days of its receipt.
11 12	for public inspection	(ii)	All reports submitted under this paragraph shall be available
13	(3)	The Sec	retary may:
14 15	investigation;	(i)	Inspect the home health agency for the purpose of a complaint
16 17	problem identified in	(ii) an accre	Inspect the home health agency to follow up on a serious ditation organization's report; and
18 19	agencies in the State	(iii) to validat	Annually, conduct a survey of up to 5 percent of all home health te the findings of an accreditation organization's report.
20 21	[(e) The pro health agency to obta		f this section do not waive the requirement for a home ficate of need.]
22	19-406.		
23	To qualify for a l	icense, ar	applicant shall[:
24	(1)	Show] S	HOW that the home health agency will provide:
25 26	cared for at a prescrib	[(i)] ped level	(1) Appropriate home health care to patients who may be of care, in their residence instead of in a hospital; and
27 28	home health care serv	[(ii)] vice that i	(2) Skilled nursing, home health aid, and at least one other is approved by the Secretary[; and
29 30	(2) need].	Meet the	e requirements of Subtitle 1 of this title for certification of

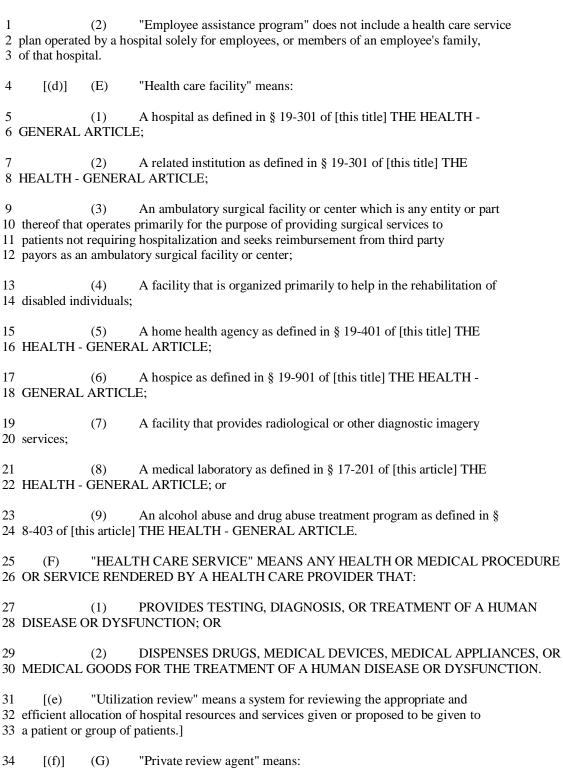
1 Subtitle 7. Health Maintenance Organizations. 2 19-705.1. 3 (f) (5) The Secretary may accept all or part of a report of an approved (i) 4 accrediting organization as meeting the external review requirements under this 5 subtitle. 6 Except as provided in subparagraph (iii) of this paragraph, a (ii) 7 report of an approved accrediting organization used by the Department as meeting 8 the external review requirements under this subtitle shall be made available to the public on request. 10 (iii) The Department may not disclose and shall treat as 11 confidential all confidential commercial and financial information contained in a 12 report of an approved accrediting organization in accordance with § 10-617(d) of the 13 State Government Article. 14 (iv) The Department may inspect a facility of a health maintenance 15 organization to: Determine compliance with any quality requirement 16 1. 17 established under this subtitle; 18 2. Follow up on a serious problem identified by an approved 19 accrediting organization; or [Investigate] IN COOPERATION WITH THE HEALTH CARE 20 3. 21 ACCESS AND COST COMMISSION, INVESTIGATE a complaint. 22 19-705.2. 23 With the advice of the [Commissioner] SECRETARY, the [Secretary] 24 HEALTH CARE ACCESS AND COST COMMISSION shall adopt regulations to establish a 25 system for the receipt and timely investigation of complaints of members and 26 subscribers of health maintenance organizations concerning the operation of any health maintenance organization in this State. 28 (b) The complaint system shall include: 29 (1) A procedure for the timely acknowledgement of receipt of a 30 complaint; 31 Criteria for determining the appropriate level of investigation for a 32 complaint concerning quality of care, including: 33 A determination as to whether the member or subscriber with (i) 34 the complaint previously attempted to have the complaint resolved; and



1 2	(2)] The hospice care program to be operated and its medical director shall meet the requirements that the Secretary adopts under this subtitle.							
3	Article - Insurance							
4	Subtitle 1. General Provisions.							
5	15-111.							
6	(a)	(1)	In this s	ection the following words have the meanings indicated.				
7 8	title.	(2)	"Health benefit plan" has the meaning stated in § 15-1201 of this					
9		(3)	"Payor"	means:				
	0 (i) a health insurer or nonprofit health service plan that holds a 1 certificate of authority and provides health insurance policies or contracts in the 2 State under this article;							
13 14	the State; or	•	(ii)	a health maintenance organization that is licensed to operate in				
15 16	with a Mary	land bus	(iii) iness to a	a third party administrator or any other entity under contract dminister health care benefits.				
17 18	(b) (1) On or before June 30 of each year, the Commissioner shall assess each payor a fee for the next fiscal year.							
19 20	19-1515] §	(2) 19-111 o		shall be established in accordance with this section and [§ lth - General Article.				
21	(c)	(1)	For each	n fiscal year, the total assessment for all payors shall be:				
22 23	and Cost Co	ommissio	(i) n; and	set by a memorandum from the Maryland Health Care Access				
	of payors de Commission		(ii) n subsect	apportioned equitably by the Commissioner among the classes ion (a)(3) of this section as determined by the				
	subsection t shall assess		described	otal assessment apportioned under paragraph (1) of this I in subsection (a)(3)(i) of this section, the Commissioner ion:				
	in the State determined			the numerator of which is the payor's total premiums collected plans for an appropriate prior 12-month period as ner; and				



			private review agent that has a certificate issued th - General Article] SUBTITLE 10A OF THIS								
4 5	(-)		delegate utilization review to a hospital utilization 319(d) of the Health - General Article.								
8 9 10	7 necessity of providing a 8 that does not meet the re 9 person entitled to reimbu 10 accordance with the dete	(c) Notwithstanding any other provision of this article, if the medical necessity of providing a covered benefit is disputed, an entity subject to this section that does not meet the requirements of subsection (b) of this section shall pay any person entitled to reimbursement under the policy, contract, or certificate in accordance with the determination of medical necessity by the hospital utilization review program approved under § 19-319(d) of the Health - General Article.									
12	12		Subtitle 10A. Private Review Agents.								
13	13 15-10A-01.										
14	14 (a) In this subt	title the follow	ing words have the meanings indicated.								
15 16			on" means a utilization review determination made by or delivered health care service:								
17	17 (i)	) Is or w	as not necessary, appropriate, or efficient; and								
18	18 (ii	i) May re	sult in noncoverage of the health care service.								
		behalf of the p	erse decision if the private review agent and the patient reach an agreement on the proposed or								
22 23	22 (C) "CERTIFIC 23 THE COMMISSIONER		NS A CERTIFICATE OF REGISTRATION GRANTED BY ATE REVIEW AGENT.								
24 25	2 / / 3		byee assistance program" means a health care service ct with an employer or labor union:								
26 27	26 (i) 27 both to:	) Consul	ts with employees or members of an employee's family or								
28 29	28 29 mental health, alcohol, o	1. or substance a	Identify the employee's or the employee's family member's buse problems; and								
		2. other commun	Refer the employee or the employee's family member to nity resources for counseling, therapy, or								
			ns utilization review for the purpose of making claims or aployer's or labor union's health insurance or								



1 2	`	ither at		oital-affiliated person or entity perform h, under contract with, or acting on b				
3			(i)	Maryland business entity; or				
4 5	OUTPATIENT	, MED	(ii) OICAL, C	third party that provides or administ OTHER benefits to citizens of this S				
	authority in acc ARTICLE; or	cordanc	ce with S	A health maintenance organize title 7 of [this title] THE HEALTH -				
11		ce poli	cies or co	A health insurer, nonprofit he preferred provider organization autracts in this State in accordance with	horized to offer			
15	Any person or entity including a hospital-affiliated person performing utilization review for the purpose of making claims or payment decisions on behalf of the employer's or labor union's health insurance plan under an employee assistance program for employees other than the employees:							
17			(i)	mployed by the hospital; or				
18			(ii)	mployed by a business wholly owned	l by the hospital.			
19 20	9 [(g)] (H) "Significant beneficial interest" means the ownership of any financial interest that is greater than the lesser of:							
21	(1	1)	5 percen	of the whole; or				
22	(2	2)	\$5,000.					
	(I) "UTILIZATION REVIEW" MEANS A SYSTEM FOR REVIEWING THE APPROPRIATE AND EFFICIENT ALLOCATION OF HEALTH CARE SERVICES GIVEN OF PROPOSED TO BE GIVEN TO A PATIENT OR GROUP OF PATIENTS.							
26 27				n review plan" means a description o vities performed by a private review				
28	[(i) "S	Secreta	ry" mean	he Secretary of Health and Mental H	ygiene.]			
29	[(j) "(	Commi	ssioner"	eans the Insurance Commissioner.]				
30 31	[(k) "Certificate" means a certificate of registration granted by the Secretary to a private review agent.]							

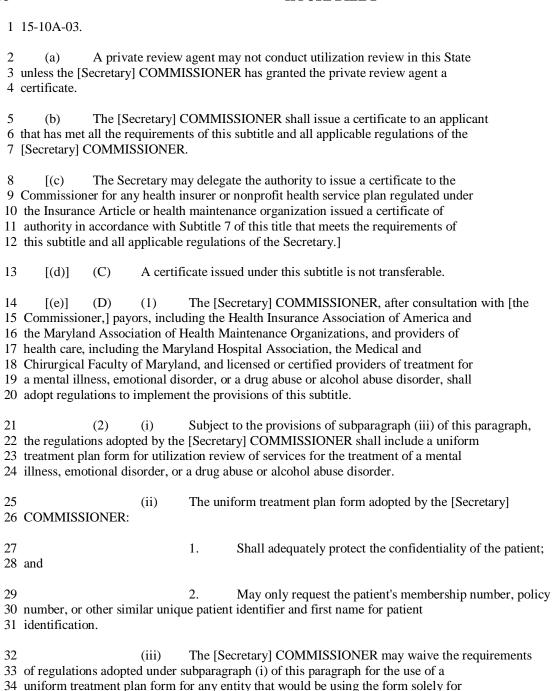
35 internal purposes.

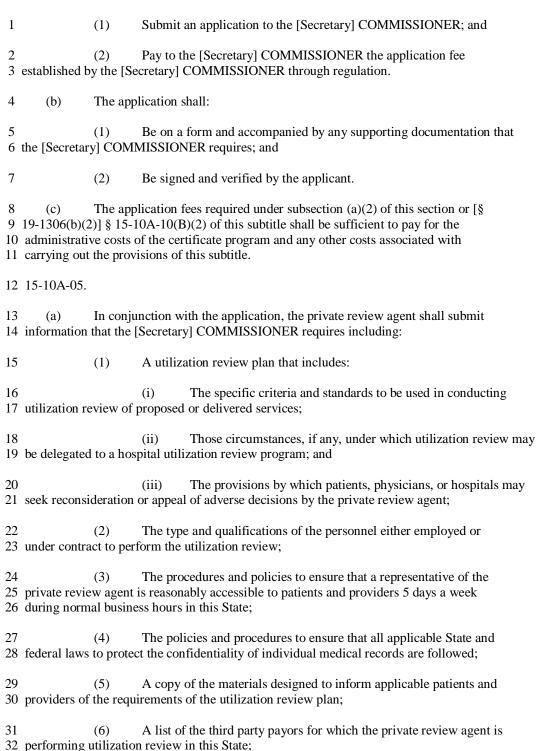
An applicant for a certificate shall:

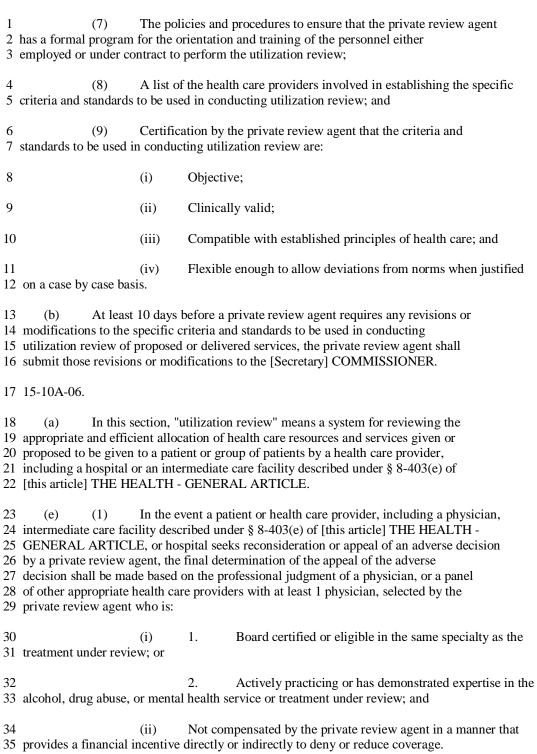
36 15-10A-04.

(a)

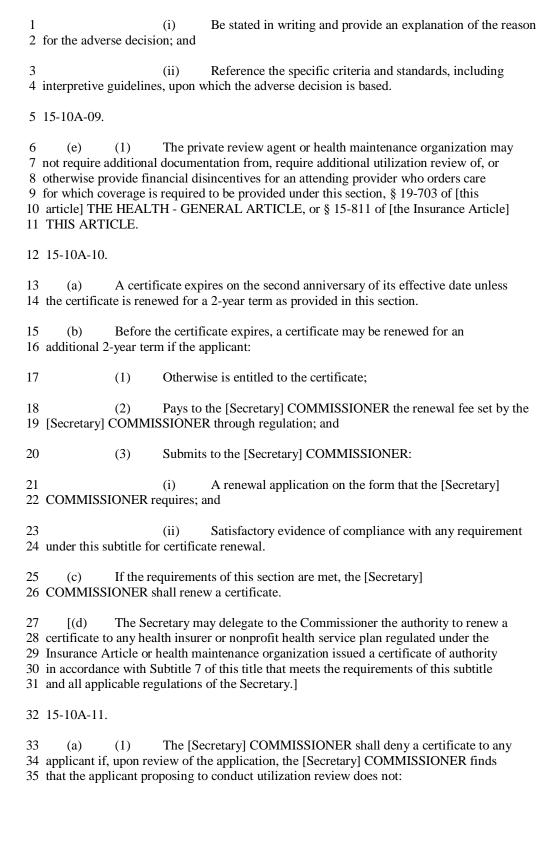
37







3 4 5 6	GENERAL ART by a private revie decision shall be	facility descr ICLE, or hosp w agent, the f stated in writing ing interpretive	ibed under pital seeks r inal determ ng and shal	nt or health care provider, including a physician, § 8-403(e) of [this article] THE HEALTH - reconsideration or appeal of an adverse decision sination of the appeal of the adverse ll reference the specific criteria and res, upon which the denial or reduction in			
10	(g) (1) A private review agent that requires a health care provider to submit a treatment plan in order for the private review agent to conduct utilization review of proposed or delivered services for the treatment of a mental illness, emotional disorder, or a drug abuse or alcohol abuse disorder:						
	[Secretary under subtitle as a prop		COMMIS	pt the uniform treatment plan form adopted by the SSIONER UNDER § 15-10A-03(E) of this plan form; and			
15		(ii)	May not in	mpose any requirement to:			
16			1. N	Modify the uniform treatment plan form or its content; or			
17			2. S	ubmit additional treatment plan forms.			
18 19	(2) this subsection:	A unifor	m treatmer	nt plan form submitted under the provisions of			
20		(i)	Shall be pr	roperly completed by the health care provider; and			
21		(ii)	May be su	bmitted by electronic transfer.			
22	15-10A-07.						
23 24	(a) Exc subtitle:	ept as specifi	cally provid	led in [§ 19-1305.1] § 15-10A-06 of this			
25 26	All adverse decisions shall be made by a physician or a panel of other appropriate health care providers with at least 1 physician on the panel.						
29 30 31	In the event a patient or health care provider, including a physician, less intermediate care facility described in § 8-403(e) of [this article] THE HEALTH - GENERAL ARTICLE, or hospital seeks reconsideration or appeal of an adverse decision by a private review agent, the final determination of the appeal of the adverse decision shall be made based on the professional judgment of a physician or a panel of other appropriate health care providers with at least 1 physician on the panel.						
35 36	GENERAL ART	e facility description for facility description.	ribed in § 8 pital seeks	nt or health care provider, including a physician, -403(e) of [this article] THE HEALTH - reconsideration or appeal of an adverse decision nination of the appeal of the adverse			



	(i) Have available the services of sufficient numbers of registered nurses, medical records technicians or similarly qualified persons supported and supervised by appropriate physicians to carry out its utilization review activities; and
	(ii) Meet any applicable regulations the [Secretary] COMMISSIONER adopts under this subtitle relating to the qualifications of private review agents or the performance of utilization review.
	(2) The [Secretary] COMMISSIONER shall deny a certificate to any applicant that does not provide assurances satisfactory to the [Secretary] COMMISSIONER that:
	(i) The procedures and policies of the private review agent will protect the confidentiality of medical records in accordance with applicable State and federal laws; and
13 14	(ii) The private review agent will be accessible to patients and providers 5 working days a week during normal business hours in this State.
17	(b) The [Secretary] COMMISSIONER may revoke a certificate if the holder does not comply with performance assurances under this section, violates any provision of this subtitle, or violates any regulation adopted under any provision of this subtitle.
21	(c) (1) Before denying or revoking a certificate under this section, the [Secretary] COMMISSIONER shall provide the applicant or certificate holder with reasonable time to supply additional information demonstrating compliance with the requirements of this subtitle and the opportunity to request a hearing.
	(2) If an applicant or certificate holder requests a hearing, the [Secretary] COMMISSIONER shall send a hearing notice by certified mail, return receipt requested, at least 30 days before the hearing.
26 27	(3) The [Secretary] COMMISSIONER shall hold the hearing in accordance with Title 10, Subtitle 2 of the State Government Article.
28	15-10A-12.
31	The [Secretary] COMMISSIONER may waive the requirements of this subtitle for a private review agent that operates solely under contract with the federal government for utilization review of patients eligible for hospital services under Title XVIII of the Social Security Act.
33	15-10A-13.
34 35	The [Secretary] COMMISSIONER shall periodically provide a list of private review agents issued certificates and the renewal date for those certificates to:
36	(1) The Maryland Chamber of Commerce;

**79 HOUSE BILL 2** 1 (2) The Medical and Chirurgical Faculty of Maryland; 2 (3) The Maryland Hospital Association; 3 (4) All hospital utilization review programs; and 4 (5) Any other business or labor organization requesting the list. 5 15-10A-14. The [Secretary] COMMISSIONER may establish reporting requirements to: 6 7 (1) Evaluate the effectiveness of private review agents; and (2) Determine if the utilization review programs are in compliance with 9 the provisions of this section and applicable regulations. 10 15-10A-17. 11 In addition to the provisions of subsection (a) of this section, the (b) (1) 12 [Secretary] COMMISSIONER may impose an administrative penalty of up to \$1,000 13 for a violation of any provision of this subtitle. 14 The [Secretary] COMMISSIONER shall adopt regulations to provide 15 standards for the imposition of an administrative penalty under paragraph (1) of this 16 subsection. 17 15-10A-18. 18 (a) Any person aggrieved by a final decision of the [Secretary] 19 COMMISSIONER in a contested case under this subtitle may take a direct judicial 20 appeal. 21 Article 43C - Maryland Health and Higher Educational Facilities Authority 22 16A. 23 (a) In this section, the following terms have the meanings indicated. 24 "Closure costs" means the reasonable costs determined by the [ (1) 25 Health Services Cost Review Commission] HEALTH CARE ACCESS AND COST 26 COMMISSION to be incurred in connection with the closure or delicensure of a 27 hospital, including expenses of operating the hospital, payments to employees,

28 employee benefits, fees of consultants, insurance, security services, utilities, legal 29 fees, capital costs, costs of terminating contracts with vendors, suppliers of goods and 30 services and others, debt service, contingencies and other necessary or appropriate

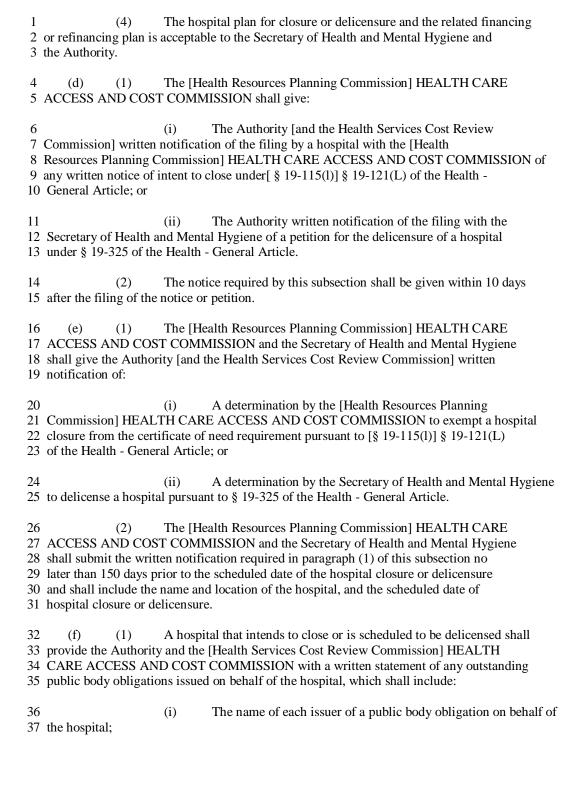
33 indebtedness or other obligation for the payment of borrowed money issued by the 34 Authority, any public body as defined in Article 31, § 9 of the Code, the Mayor and

"Public body obligation" means any bond, note, evidence of

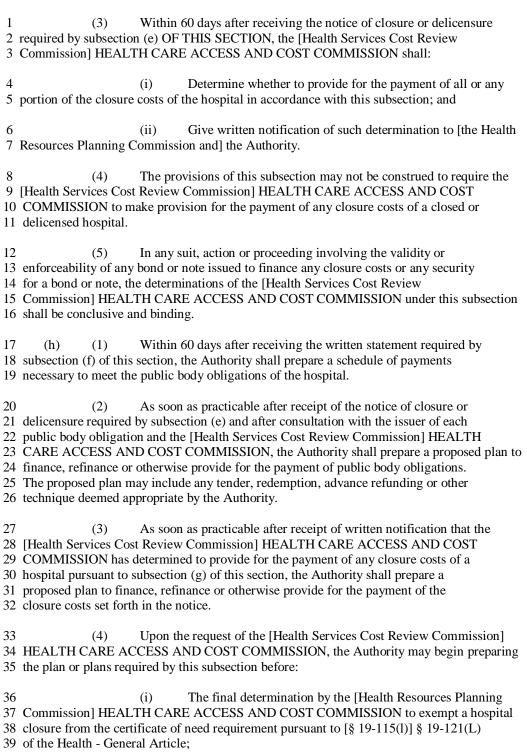
31 costs and expenses.

32

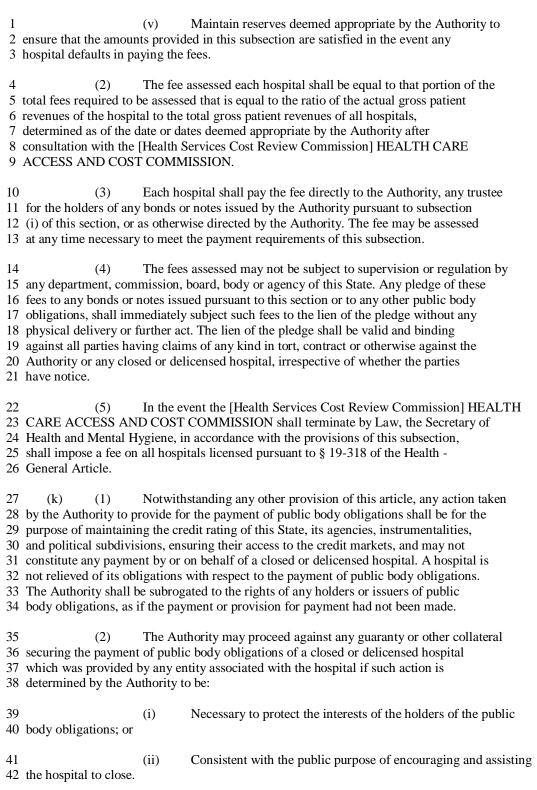
	City Council of Baltimore, or Article XI-E of the Maryland		icipal corporation subject to the provisions of ion.
3	(ii) portion of any such obligation		body obligation" does not include any obligation, or
5 6	portion thereof is:	1.	The principal of and interest on the obligation or such
7 8	and	A.	Insured by an effective municipal bond insurance policy;
9 10	accordance with [§ 19-115(l)	B. ] § 19-12	Issued on behalf of a hospital that voluntarily closed in 1(L) of the Health - General Article;
	used for the purpose of finan		The proceeds of the obligation or such portion thereof were financing a facility or part thereof which is used s at a location other than the hospital; or
16	used to finance or refinance a		The proceeds of the obligation or such portion thereof were or part thereof which is primarily used by the hospital for the purpose of providing services
20 21	payment of public body oblig serious adverse effect on the	gations of ability of cal govern	sembly finds that the failure to provide for the a closed or delicensed hospital could have a Maryland health care facilities, and potentially ments, to secure subsequent financing ands.
	health care facilities to adequ	ate financ	his section is to preserve the access of Maryland's cing by establishing a program to facilitate the y obligations of a closed or delicensed hospital.
28	Maryland Health and Higher	Education refinancir	ond Program is hereby created within the nal Facilities Authority. The Program shall ng of public body obligations of a hospital, as neral Article, if:
		neral Arti	hospital is in accordance with [§ 19-115(l)] § cle or the delicensure of a hospital is in h - General Article;
33 34	(2) There a outstanding;	are public	body obligations issued on behalf of the hospital
35 36	(3) The close consolidation with 1 or more		ne hospital is not the result of a merger or pitals; and



	(ii) The outstanding principal amount of each public body obligation and the due dates for payment or any mandatory redemption or purchase thereof;				
4 5	(iii) The due dates for the payment of interest on each public body obligation and the interest rates; and				
	(iv) Any documents and information pertaining to the public body obligations as the Authority or the [Health Services Cost Review Commission] HEALTH CARE ACCESS AND COST COMMISSION may request.				
9 10	(2) The statement required in paragraph (1) of this subsection shall be filed by the hospital:				
13	(i) In the case of closure pursuant to [§ 19-115(l)] § 19-121(L) of the Health - General Article, within 10 days after the date of filing with the [Health Resources Planning Commission] HEALTH CARE ACCESS AND COST COMMISSION of written notice of intent to close; or				
15 16	(ii) In the case of delicensure pursuant to § 19-325 of the Health - General Article, at least 150 days prior to the scheduled date of delicensure.				
19 20 21	(g) (1) The [Health Services Cost Review Commission] HEALTH CARE  8 ACCESS AND COST COMMISSION may determine to provide for the payment of all or any portion of the closure costs of a hospital having outstanding public body obligations if the [Health Services Cost Review Commission] HEALTH CARE ACCESS AND COST COMMISSION determines that payment of the closing costs is necessary or appropriate to:				
23	(i) Encourage and assist the hospital to close; or				
24	(ii) Implement the program created by this section.				
	(2) In making the determinations under this subsection, the [Health Services Cost Review Commission] HEALTH CARE ACCESS AND COST COMMISSION shall consider:				
28 29	(i) The amount of the system-wide savings to the State health care system expected to result from the closure or delicensure of the hospital over:				
	1. The period during which the fee to provide for the payment of the closure costs or any bonds or notes issued to finance the closure costs will be assessed; or				
33 34	2. A period ending 5 years after the date of closure or delicensure, whichever is the longer; and				
35 36	(ii) The recommendations of [the Health Resources Planning Commission and] the Authority.				



1 2	(ii) Any final determination of delicensure by the Secretary of Health and Mental Hygiene pursuant to § 19-325 of the Health - General Article; or
	(iii) Any final determination by the [Health Services Cost Review Commission] HEALTH CARE ACCESS AND COST COMMISSION to provide for the payment of any closure costs of the hospital.
	(5) The Authority shall promptly submit the schedule of payments and the proposed plan or plans required by this subsection to the [Health Services Cost Review Commission] HEALTH CARE ACCESS AND COST COMMISSION.
11	(i) (1) The Authority may issue negotiable bonds or notes for the purpose of financing, refinancing or otherwise providing for the payment of public body obligations or any closure costs of a hospital in accordance with any plan developed pursuant to subsection (h) of this section.
13 14	(2) The bonds or notes shall be payable from the fees provided pursuant to subsection (j) of this section or from other sources as may be provided in the plan.
	(3) The bonds or notes shall be authorized, sold, executed and delivered as provided for in this article and shall have terms consistent with all existing constitutional and legal requirements.
20 21	(4) In connection with the issuance of any bond or note, the Authority may assign its rights under any loan, lease or other financing agreement between the Authority or any other issuer of a public body obligation and the closed or delicensed hospital to the State or appropriate agency in consideration for the payment of any public body obligation as provided in this section.
25 26	(j) (1) On the date of closure or delicensure of any hospital for which a financing or refinancing plan has been developed in accordance with subsection (h) of this section, the [Health Services Cost Review Commission] HEALTH CARE ACCESS AND COST COMMISSION shall assess a fee on all hospitals as provided in [§ 19-207.2] § 19-143 of the Health - General Article in an amount sufficient to:
	(i) Pay the principal and interest on any public body obligations, or any bonds or notes issued by the Authority pursuant to subsection (i) of this section to finance or refinance public body obligations;
	(ii) Pay any closure costs or the principal and interest on any bonds or notes issued by the Authority pursuant to subsection (i) of this section to finance or refinance any closure costs;
	(iii) Maintain any reserve required in the resolution, trust agreement or other financing agreement securing public body obligations, bonds, or notes;
37	(iv) Pay any required financing fees or other similar charges; and



1 2	(3) In making the determination required under paragraph (2) of this subsection, the Authority shall consider:					
3	(i) The circumstances under which the guaranty or other collateral was provided; and					
	(ii) The recommendations of the [Health Services Cost Review Commission and the Health Resources Planning Commission] HEALTH CARE ACCESS AND COST COMMISSION.					
10 11 12 13 14	(4) Any amount realized by the Authority or any assignee of the Authority in the enforcement of any claim against a hospital for which a plan has been developed in accordance with subsection (h) of this section shall be applied to offset the amount of the fee required to be assessed by the [Health Services Cost Review Commission] HEALTH CARE ACCESS AND COST COMMISSION pursuant to subsection (j) of this section. The costs and expenses of enforcing the claim, including any costs for maintaining the property prior to its disposition, shall be deducted from this amount.					
18 19	It is the purpose and intent of this section that the [Health Services Cost Review Commission, the Health Resources Planning Commission,] HEALTH CARE ACCESS AND COST COMMISSION and the Authority consult with each other and take into account each others' recommendations in making the determinations required to be made under this section.					
23	1 (m) Notwithstanding any other provision of this section, in any suit, action or 2 proceeding involving the validity or enforceability of any bond or note or any security 3 for a bond or note, the determinations of the Authority under this section shall be 4 conclusive and binding.					
	(n) The [Health Services Cost Review Commission, the Health Resources Planning Commission,] HEALTH CARE ACCESS AND COST COMMISSION or the Authority may waive any notice required to be given to it under this section.					
28	Chapter 134 of the Acts of 1997					
29	SECTION 6. AND BE IT FURTHER ENACTED, That[:					
	(1) The] THE Maryland Health Care Access and Cost Commission may not implement the provisions of [§ 19-1509(b)] § 19-151(B) of the Health - General Article [before January 1, 1998; and					
	(2) If the Maryland Health Care Access and Cost Commission decides to implement the provisions of § 19-1509(b) of the Health - General Article, the Maryland Health Care Access and Cost Commission, in accordance with § 10-111 of					

1 SECTION 5. AND BE IT FURTHER ENACTED, That the Health Care Access 2 and Cost Commission shall:

- 3 (a) conduct a study of the certificate of need program to determine:
- 4 (1) the necessity of requiring a certificate of need for building,
- 5 establishing, developing, or operating new medical services, health care projects, or
- 6 health care facilities for which a certificate of need is required;
- 7 (2) the necessity of requiring a certificate of need when modifying or
- 8 changing the type or scope of health care services for which a certificate of need is
- 9 required; and
- 10 (3) the possibility of further consolidating, modifying, or streamlining
- 11 the certificate of need application process for those situations that the Commission
- 12 determines a certificate of need is necessary; and
- 13 (b) on or before December 1, 1998, submit a report of its study, including its
- 14 recommendations, to the Governor, the Senate Finance Committee, the House
- 15 Economic Matters Committee, and the House Environmental Matters Committee.

## 16 SECTION 6. AND BE IT FURTHER ENACTED, That:

- 17 (a) on or before September 1, 1998, the Maryland Health Care Access and Cost
- 18 Commission shall contract with an independent entity to conduct a study of the
- 19 Maryland Health Care Access and Cost Commission's management and organization;
- 20 (b) the focus of the study shall be to review and examine the operations,
- 21 organizational structure, processes, funding mechanism, and staffing of the Maryland
- 22 Health Care Access and Cost Commission after completion of the reorganization
- 23 provided for under this Act; and
- 24 (c) on or before January 1, 1999, a report on the results of the study, including
- 25 any legislative proposals and recommendations, shall be submitted to the Governor
- 26 and, subject to § 2-1246 of the State Government Article, the General Assembly.

## 27 SECTION 7. AND BE IT FURTHER ENACTED, That:

- 28 (a) all property of any kind, including personal property, records, fixtures,
- 29 appropriations, credits, assets, liabilities, obligations, rights, and privileges, held by
- 30 the State Health Resources Planning Commission and the State Health Services Cost
- 31 Review Commission shall be and hereby are transferred to the Maryland Health Care
- 32 Access and Cost Commission;
- 33 (b) except as otherwise provided by law, all contracts, agreements, grants, or
- 34 other obligations entered into prior to July 1, 1998 by the State Health Resources
- 35 Planning Commission or the State Health Services Cost Review Commission, and
- 36 which by their terms are to continue in effect on or after July 1, 1998, shall be valid,
- 37 legal, and binding obligations of the Maryland Health Care Access and Cost
- 38 Commission, under the terms of the obligations; and

- 1 (c) any transaction affected by any change of nomenclature under this Act,
- 2 and validly entered into before July 1, 1998, and every right, duty, or interest flowing
- 3 from the transaction, remains valid on and after July 1, 1998 as if the change of
- 4 nomenclature had not occurred.
- 5 SECTION 8. AND BE IT FURTHER ENACTED, That all employees who are
- 6 transferred to the Maryland Health Care Access and Cost Commission from the State
- 7 Health Resources Planning Commission and the State Health Services Cost Review
- 8 Commission upon the implementation of this Act shall be so transferred without
- 9 diminution of their rights, benefits, or employment or retirement status.

## 10 SECTION 9. AND BE IT FURTHER ENACTED, That:

- 11 (a) The publishers of the Annotated Code of Maryland, subject to the approval
- 12 of the Department of Legislative Services, shall propose the correction of any agency
- 13 names and titles throughout the Code that are rendered incorrect by this Act; and
- 14 (b) Subject to the approval of the Director of the Department of Legislative
- 15 Services, the publishers of the Annotated Code of Maryland shall correct any
- 16 cross-references that are rendered incorrect by this Act.
- 17 SECTION 10. AND BE IT FURTHER ENACTED, That Sections 5 and 6 of this
- 18 Act shall take effect June 1, 1998.
- 19 SECTION 11. AND BE IT FURTHER ENACTED, That, except as provided in
- 20 Section 10 of this Act, this Act shall take effect July 1, 1998.