

SENATE BILL 645

Unofficial Copy
J3

1998 Regular Session
8lr2463
CF 8lr2121

By: **Senator Currie**

Introduced and read first time: February 6, 1998

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Care Facilities - Uncompensated Care and Rate Setting**

3 FOR the purpose of authorizing the Health Services Cost Review Commission to
4 adopt certain regulations to establish a certain method and mechanism to
5 finance the cost of uncompensated care for the types of procedures and services
6 provided by ambulatory surgical facilities under certain circumstances;
7 requiring the Commission to adopt by regulation the types and classes of
8 hospital outpatient services for which hospitals may charge below
9 Commission-approved rates under certain circumstances; and generally
10 relating to uncompensated care and hospital rate setting.

11 BY adding to

12 Article - Health - General
13 Section 19-207.4
14 Annotated Code of Maryland
15 (1996 Replacement Volume and 1997 Supplement)

16 BY repealing and reenacting, with amendments,

17 Article - Health - General
18 Section 19-217
19 Annotated Code of Maryland
20 (1996 Replacement Volume and 1997 Supplement)

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

23 **Article - Health - General**

24 19-207.4.

25 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
26 INDICATED.

27 (2) (I) "AMBULATORY SURGICAL FACILITY" MEANS ANY CENTER,
28 SERVICE, OFFICE FACILITY, OR OTHER ENTITY THAT:

1 1. OPERATES PRIMARILY FOR THE PURPOSE OF PROVIDING
2 SURGICAL SERVICES TO PATIENTS REQUIRING A PERIOD OF POSTOPERATIVE
3 OBSERVATION BUT NOT REQUIRING OVERNIGHT HOSPITALIZATION; AND

4 2. SEEKS REIMBURSEMENT FROM PAYORS AS AN
5 AMBULATORY SURGERY CENTER.

6 (II) "AMBULATORY SURGICAL FACILITY" DOES NOT INCLUDE:

7 1. THE OFFICE OF ONE OR MORE HEALTH CARE
8 PRACTITIONERS SEEKING ONLY PROFESSIONAL REIMBURSEMENT FOR THE
9 PROVISION OF MEDICAL SERVICES, UNLESS:

10 A. THE OFFICE OPERATES UNDER CONTRACT OR OTHER
11 AGREEMENT WITH A PAYOR AS AN AMBULATORY SURGICAL FACILITY REGARDLESS
12 OF WHETHER IT IS PAID A TECHNICAL OR FACILITY FEE; OR

13 B. THE OFFICE IS DESIGNATED TO RECEIVE AMBULATORY
14 SURGICAL REFERRALS IN ACCORDANCE WITH UTILIZATION REVIEW OR OTHER
15 POLICIES ADOPTED BY A PAYOR;

16 2. ANY FACILITY OR SERVICE OWNED OR OPERATED BY A
17 HOSPITAL AND REGULATED UNDER THIS PART;

18 3. THE OFFICE OF A HEALTH CARE PRACTITIONER WITH
19 NOT MORE THAN ONE OPERATING ROOM IF:

20 A. THE OFFICE DOES NOT RECEIVE A TECHNICAL OR
21 FACILITY FEE; AND

22 B. THE OPERATING ROOM IS USED EXCLUSIVELY BY THE
23 HEALTH CARE PRACTITIONER FOR PATIENTS OF THE HEALTH CARE PRACTITIONER;

24 4. THE OFFICE OF A GROUP OF HEALTH CARE
25 PRACTITIONERS WITH NOT MORE THAN ONE OPERATING ROOM IF:

26 A. THE OFFICE DOES NOT RECEIVE A TECHNICAL OR
27 FACILITY FEE; AND

28 B. THE OPERATING ROOM IS USED EXCLUSIVELY BY
29 MEMBERS OF THE GROUP PRACTICE FOR PATIENTS OF THE GROUP PRACTICE; OR

30 5. AN OFFICE OWNED OR OPERATED BY ONE OR MORE
31 DENTISTS LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE.

32 (3) "GROUP PRACTICE" MEANS A GROUP OF TWO OR MORE HEALTH CARE
33 PRACTITIONERS LEGALLY ORGANIZED AS A PARTNERSHIP, PROFESSIONAL
34 CORPORATION, FOUNDATION, NONPROFIT CORPORATION, FACULTY PRACTICE PLAN,
35 OR SIMILAR ASSOCIATION:

1 (I) IN WHICH EACH HEALTH CARE PRACTITIONER WHO IS A
2 MEMBER OF THE GROUP PROVIDES SUBSTANTIALLY THE FULL RANGE OF SERVICES
3 THAT THE PRACTITIONER ROUTINELY PROVIDES THROUGH THE JOINT USE OF
4 SHARED OFFICE SPACE, FACILITIES, EQUIPMENT, AND PERSONNEL;

5 (II) FOR WHICH SUBSTANTIALLY ALL OF THE SERVICES OF THE
6 HEALTH CARE PRACTITIONERS WHO ARE MEMBERS OF THE GROUP ARE:

7 1. PROVIDED THROUGH THE GROUP; AND

8 2. BILLED IN THE NAME OF THE GROUP AND ANY AMOUNTS
9 RECEIVED ARE TREATED AS RECEIPTS OF THE GROUP; AND

10 (III) IN WHICH THE OVERHEAD EXPENSES OF AND THE INCOME
11 FROM THE GROUP ARE DISTRIBUTED IN ACCORDANCE WITH METHODS PREVIOUSLY
12 DETERMINED ON AN ANNUAL BASIS BY MEMBERS OF THE GROUP.

13 (4) "HEALTH CARE PRACTITIONER" MEANS A PERSON WHO IS LICENSED,
14 CERTIFIED, OR OTHERWISE AUTHORIZED UNDER THE HEALTH OCCUPATIONS
15 ARTICLE TO PROVIDE MEDICAL SERVICES, INCLUDING SURGICAL SERVICES, IN THE
16 ORDINARY COURSE OF BUSINESS OR PRACTICE OF A PROFESSION.

17 (5) "SURGICAL SERVICES" MEANS ANY INVASIVE PROCEDURE WHETHER
18 THERAPEUTIC OR DIAGNOSTIC INVOLVING THE USE OF:

19 (I) ANY CUTTING INSTRUMENT;

20 (II) MICROSCOPIC, ENDOSCOPIC, ARTHROSCOPIC, OR
21 LAPAROSCOPIC EQUIPMENT; OR

22 (III) A LASER FOR THE REMOVAL OR REPAIR OF AN ORGAN OR
23 OTHER TISSUE.

24 (B) THE COMMISSION MAY ADOPT REGULATIONS ESTABLISHING A METHOD
25 AND MECHANISM TO FINANCE THE REASONABLE TOTAL COST OF UNCOMPENSATED
26 CARE FOR THE TYPES OF PROCEDURES AND SERVICES PERFORMED OR PROVIDED BY
27 AMBULATORY SURGICAL FACILITIES, PROVIDED THAT THE METHOD AND
28 MECHANISM:

29 (1) IS CONSISTENT WITH THE METHOD ADOPTED BY THE COMMISSION
30 UNDER § 19-207.3 OF THIS SUBTITLE;

31 (2) IS IN THE PUBLIC INTEREST;

32 (3) WILL CONTINUE TO EQUITABLY DISTRIBUTE THE REASONABLE
33 COSTS OF UNCOMPENSATED CARE; AND

34 (4) WILL FAIRLY DETERMINE THE COSTS OF REASONABLE
35 UNCOMPENSATED CARE INCLUDED IN THE CHARGES FOR PROCEDURES OR
36 SERVICES PERFORMED OR PROVIDED BY AMBULATORY SURGICAL FACILITIES.

1 (C) (1) THE METHOD AND MECHANISM ADOPTED BY REGULATION BY THE
2 COMMISSION UNDER SUBSECTION (B) OF THIS SECTION SHALL INCLUDE AN
3 ASSESSMENT ON EACH AMBULATORY SURGICAL FACILITY FOR REASONABLE
4 UNCOMPENSATED CARE FOR EACH PROCEDURE AND SERVICE PERFORMED OR
5 PROVIDED BY THE AMBULATORY SURGICAL FACILITY THAT IS EQUAL TO THE
6 AVERAGE DOLLAR AMOUNT INCLUDED IN HOSPITAL OUTPATIENT RATES FOR
7 UNCOMPENSATED CARE FOR A COMPARABLE CATEGORY OF PROCEDURE OR
8 SERVICE.

9 (2) THE ASSESSMENT CHARGED TO EACH AMBULATORY SURGICAL
10 FACILITY SHALL BE OFFSET BY THE ACTUAL DOCUMENTED REASONABLE
11 UNCOMPENSATED CARE PROVIDED BY THE AMBULATORY SURGICAL FACILITY.

12 (D) THE FUNDS GENERATED THROUGH THE METHOD AND MECHANISM
13 ADOPTED BY REGULATION BY THE COMMISSION UNDER SUBSECTION (B) OF THIS
14 SECTION MAY BE USED ONLY TO FINANCE THE DELIVERY OF REASONABLE
15 UNCOMPENSATED CARE FOR THE TYPES OF PROCEDURES AND SERVICES
16 PERFORMED OR PROVIDED IN HOSPITAL-BASED AND AMBULATORY SURGICAL
17 FACILITIES.

18 19-217.

19 (a) (1) To have the statistical information needed for rate review and
20 approval, the Commission shall compile all relevant financial and accounting
21 information.

22 (2) The information shall include:

23 (i) Necessary operating expenses;

24 (ii) Appropriate expenses that are incurred in providing services to
25 patients who cannot or do not pay;

26 (iii) Incurred interest charges; and

27 (iv) Reasonable depreciation expenses that are based on the
28 expected useful life of property or equipment.

29 (b) (1) The Commission shall define, by rule or regulation, the types and
30 classes of charges that may not be changed, except as specified in § 19-219 of this
31 subtitle.

32 (2) (I) THE COMMISSION SHALL DEFINE BY REGULATION THE TYPES
33 AND CLASSES OF HOSPITAL OUTPATIENT SERVICES FOR WHICH HOSPITALS MAY
34 CHARGE BELOW COMMISSION-APPROVED RATES IF:

35 1. THE COMMISSION CONTINUES TO SET THE MAXIMUM
36 ALLOWABLE RATES FOR THESE HOSPITAL OUTPATIENT SERVICES; AND

1 (g) Except as otherwise provided by law, in reviewing rates or charges or
2 considering a request for changes in rates or charges, the Commission may not hold
3 executive sessions.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 1998.