
By: **Delegates Guns, Hammen, and Cane**
Introduced and read first time: February 12, 1999
Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Hospitals and Freestanding Ambulatory Care Facilities - Quality of Care**
3 **and Performance Act**

4 FOR the purpose of authorizing the Health Care Access and Cost Commission to
5 develop a system to comparatively evaluate hospital and freestanding
6 ambulatory care facility quality of care outcomes and performance
7 measurements on an objective basis and to consider certain factors when
8 developing the measurements; authorizing the Commission to disseminate the
9 findings of performance measurements to consumers, hospitals, freestanding
10 ambulatory care facilities, and certain interested parties; authorizing the
11 Commission to adopt certain regulations; requiring the Commission to consider
12 certain performance measurements of certain entities and to evaluate the
13 desirability and feasibility of developing a certain consumer clearing house;
14 requiring a certain report by a certain date; allowing the Commission to contract
15 with a private entity to implement the system required to be established by this
16 Act; defining a certain term; making stylistic and technical changes; and
17 generally relating to hospital and freestanding ambulatory care facility quality
18 of care and performance evaluation and reports.

19 BY repealing and reenacting, with amendments,
20 Article - Health - General
21 Section 19-1501 and 19-1508
22 Annotated Code of Maryland
23 (1996 Replacement Volume and 1998 Supplement)

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

26 **Article - Health - General**

27 19-1501.

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

1 (b) "Commission" means the Maryland Health Care Access and Cost
2 Commission.

3 (c) "Comprehensive standard health benefit plan" means the comprehensive
4 standard health benefit plan adopted in accordance with § 15-1207 of the Insurance
5 Article.

6 (D) "FREESTANDING AMBULATORY CARE FACILITY" HAS THE MEANING
7 INDICATED IN § 19-3B-01 OF THIS TITLE.

8 [(d)] (E) (1) "Health care provider" means:

9 (i) A person who is licensed, certified, or otherwise authorized
10 under the Health Occupations Article to provide health care in the ordinary course of
11 business or practice of a profession or in an approved education or training program;
12 or

13 (ii) A facility where health care is provided to patients or recipients,
14 including a facility as defined in § 10-101(e) of this article, a hospital as defined in §
15 19-301(f) of this article, a related institution as defined in § 19-301(n) of this article,
16 a health maintenance organization as defined in § 19-701(e) of this article, an
17 outpatient clinic, and a medical laboratory.

18 (2) "Health care provider" includes the agents and employees of a facility
19 who are licensed or otherwise authorized to provide health care, the officers and
20 directors of a facility, and the agents and employees of a health care provider who are
21 licensed or otherwise authorized to provide health care.

22 [(e)] (F) "Health care practitioner" means any person that provides health
23 care services and is licensed under the Health Occupations Article.

24 [(f)] (G) "Health care service" means any health or medical care procedure or
25 service rendered by a health care practitioner that:

26 (1) Provides testing, diagnosis, or treatment of human disease or
27 dysfunction; or

28 (2) Dispenses drugs, medical devices, medical appliances, or medical
29 goods for the treatment of human disease or dysfunction.

30 (H) "HOSPITAL" HAS THE MEANING INDICATED IN § 19-301(F) OF THIS TITLE.

31 [(g)] (I) (1) "Office facility" means the office of one or more health care
32 practitioners in which health care services are provided to individuals.

33 (2) "Office facility" includes a facility that provides:

34 (i) Ambulatory surgery;

35 (ii) Radiological or diagnostic imagery; or

1 (iii) Laboratory services.

2 (3) "Office facility" does not include any office, facility, or service
3 operated by a hospital and regulated under Subtitle 2 of this title.

4 [(h)] (J) "Payor" means:

5 (1) A health insurer or nonprofit health service plan that holds a
6 certificate of authority and provides health insurance policies or contracts in the
7 State in accordance with this article or the Insurance Article;

8 (2) A health maintenance organization that holds a certificate of
9 authority in the State; or

10 (3) A third party administrator as defined in § 15-111 of the Insurance
11 Article.

12 19-1508.

13 (a) (1) In order to more efficiently establish a medical care data base under
14 § 19-1507 of this subtitle, the Commission shall establish standards for the operation
15 of one or more medical care electronic claims clearinghouses in Maryland and may
16 license those clearinghouses meeting those standards.

17 (2) In adopting regulations under this subsection, the Commission shall
18 consider appropriate national standards.

19 (3) The Commission may limit the number of licensed claims
20 clearinghouses to assure maximum efficiency and cost effectiveness.

21 (4) The Commission, by regulation, may charge a reasonable licensing
22 fee to operate a licensed claims clearinghouse.

23 (5) Health care practitioners in Maryland, as designated by the
24 Commission, shall submit, and payors of health care services in Maryland as
25 designated by the Commission shall receive claims for payment and any other
26 information reasonably related to the medical care data base electronically in a
27 standard format as required by the Commission whether by means of a claims
28 clearinghouse or other method approved by the Commission.

29 (6) The Commission shall establish reasonable deadlines for the phasing
30 in of electronic transmittal of claims from those health care practitioners designated
31 under paragraph (5) of this subsection.

32 (7) As designated by the Commission, payors of health care services in
33 Maryland and Medicaid and Medicare shall transmit explanations of benefits and any
34 other information reasonably related to the medical care data base electronically in a
35 standard format as required by the Commission whether by means of a claims
36 clearinghouse or other method approved by the Commission.

1 (b) The Commission may collect the medical care claims information
2 submitted to any licensed claims clearinghouse for use in the data base established
3 under § 19-1507 of this subtitle.

4 (c) (1) The Commission shall:

5 (i) On or before January 1, 1994, establish and implement a
6 system to comparatively evaluate the quality of care outcomes and performance
7 measurements of health maintenance organization benefit plans and services on an
8 objective basis; and

9 (ii) Annually publish the summary findings of the evaluation.

10 (2) The purpose of a comparable performance measurement system
11 established under this section is to assist health maintenance organization benefit
12 plans to improve the quality of care provided by establishing a common set of
13 performance measurements and disseminating the findings of the performance
14 measurements to health maintenance organizations and interested parties.

15 (3) The system, where appropriate, shall solicit performance information
16 from enrollees of health maintenance organizations.

17 (4) (i) The Commission shall adopt regulations to establish the system
18 of evaluation provided under this section.

19 (ii) Before adopting regulations to implement an evaluation system
20 under this section, the Commission shall consider any recommendations of the
21 quality of care subcommittee of the Group Health Association of America and the
22 National Committee for Quality Assurance.

23 (5) The Commission may contract with a private, nonprofit entity to
24 implement the system required under this subsection provided that the entity is not
25 an insurer.

26 (D) (1) THE COMMISSION MAY:

27 (I) ON OR BEFORE JULY 1, 2001, DEVELOP AND IMPLEMENT A
28 SYSTEM TO COMPARATIVELY EVALUATE THE QUALITY OF CARE OUTCOMES AND
29 PERFORMANCE MEASUREMENTS OF HOSPITALS AND FREESTANDING AMBULATORY
30 CARE FACILITIES ON AN OBJECTIVE BASIS; AND

31 (II) ANNUALLY PUBLISH THE SUMMARY FINDINGS OF THE
32 EVALUATION.

33 (2) (I) THE PURPOSE OF A COMPARABLE PERFORMANCE
34 MEASUREMENT SYSTEM ESTABLISHED UNDER THIS SECTION IS TO IMPROVE THE
35 QUALITY OF CARE PROVIDED BY HOSPITALS AND FREESTANDING AMBULATORY
36 CARE FACILITIES BY ESTABLISHING A COMMON SET OF PERFORMANCE
37 MEASUREMENTS AND DISSEMINATING THE FINDINGS OF THE PERFORMANCE

1 MEASUREMENTS TO HOSPITALS, FREESTANDING AMBULATORY CARE FACILITIES,
2 CONSUMERS, AND INTERESTED PARTIES.

3 (II) IN DEVELOPING THE PERFORMANCE MEASUREMENT SYSTEM,
4 THE COMMISSION SHALL CONSIDER THE GEOGRAPHIC LOCATION, URBAN OR RURAL
5 ORIENTATION, AND TEACHING OR NONTEACHING STATUS OF THE HOSPITAL AND
6 THE FREESTANDING AMBULATORY CARE FACILITIES, AND THE HEALTH STATUS OF
7 THE POPULATION SERVED.

8 (3) THE SYSTEM, WHERE APPROPRIATE, SHALL SOLICIT PERFORMANCE
9 INFORMATION FROM CONSUMERS.

10 (4) (I) THE COMMISSION MAY ADOPT REGULATIONS TO ESTABLISH
11 THE SYSTEM OF EVALUATION PROVIDED UNDER THIS SUBSECTION.

12 (II) BEFORE ADOPTING REGULATIONS TO IMPLEMENT AN
13 EVALUATION SYSTEM UNDER THIS SUBSECTION, THE COMMISSION SHALL:

14 1. CONSIDER THE PERFORMANCE MEASUREMENTS OF THE
15 JOINT COMMISSION ON ACCREDITATION OF HEALTH CARE ORGANIZATIONS AND THE
16 QUALITY INDICATOR PROJECT OF THE ASSOCIATION OF MARYLAND HOSPITALS AND
17 HEALTH SYSTEMS;

18 2. EVALUATE THE DESIRABILITY AND FEASIBILITY OF
19 DEVELOPING A CONSUMER CLEARINGHOUSE ON HEALTH CARE INFORMATION
20 USING EXISTING AVAILABLE DATA; AND

21 3. ON OR BEFORE JANUARY 1, 2001, REPORT TO THE
22 GENERAL ASSEMBLY, SUBJECT TO § 2-2146 OF THE STATE GOVERNMENT ARTICLE, ON
23 ANY PERFORMANCE EVALUATION DEVELOPED UNDER SUBSECTION (D) OF THIS
24 SECTION.

25 (5) THE COMMISSION MAY CONTRACT WITH A PRIVATE ENTITY TO
26 IMPLEMENT THE SYSTEM REQUIRED UNDER THIS SUBSECTION PROVIDED THAT THE
27 ENTITY IS NOT A HOSPITAL OR A FREESTANDING AMBULATORY CARE FACILITY.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
29 effect October 1, 1999.