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

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 9, 1999

CHAPTER _____

1 AN ACT concerning

2 **Hospitals and ~~Freestanding Ambulatory Care~~ Ambulatory Surgical**
3 **Facilities - Quality of Care 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~~ surgical 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~~ surgical facilities, and certain interested parties; authorizing
11 the Commission to adopt certain regulations; requiring the Commission to
12 consider certain performance measurements ~~of certain entities~~ and to evaluate
13 the 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; requiring the Commission to consult with certain entities and interested
17 parties in performing its duties under this Act; defining a certain term; making
18 stylistic and technical changes; and generally relating to hospital and
19 ~~freestanding~~ ambulatory ~~care~~ surgical facility quality of care and performance
20 evaluation and reports.

21 BY repealing and reenacting, with amendments,
22 Article - Health - General
23 Section 19-1501 and 19-1508
24 Annotated Code of Maryland
25 (1996 Replacement Volume and 1998 Supplement)

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

3 **Article - Health - General**

4 19-1501.

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

6 (B) "AMBULATORY SURGICAL FACILITY" HAS THE MEANING STATED IN §
7 19-3B-01 OF THIS TITLE.

8 ~~(B)~~ (C) "Commission" means the Maryland Health Care Access and Cost
9 Commission.

10 ~~(C)~~ (D) "Comprehensive standard health benefit plan" means the
11 comprehensive standard health benefit plan adopted in accordance with § 15-1207 of
12 the Insurance Article.

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

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

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

20 (ii) A facility where health care is provided to patients or recipients,
21 including a facility as defined in § 10-101(e) of this article, a hospital as defined in §
22 19-301(f) of this article, a related institution as defined in § 19-301(n) of this article,
23 a health maintenance organization as defined in § 19-701(e) of this article, an
24 outpatient clinic, and a medical laboratory.

25 (2) "Health care provider" includes the agents and employees of a facility
26 who are licensed or otherwise authorized to provide health care, the officers and
27 directors of a facility, and the agents and employees of a health care provider who are
28 licensed or otherwise authorized to provide health care.

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

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

33 (1) Provides testing, diagnosis, or treatment of human disease or
34 dysfunction; or

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

3 (H) "HOSPITAL" HAS THE MEANING ~~INDICATED~~ STATED IN § 19-301(F) OF THIS
4 TITLE.

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

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

8 (i) Ambulatory surgery;

9 (ii) Radiological or diagnostic imagery; or

10 (iii) Laboratory services.

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

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

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

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

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

21 19-1508.

22 (a) (1) In order to more efficiently establish a medical care data base under
23 § 19-1507 of this subtitle, the Commission shall establish standards for the operation
24 of one or more medical care electronic claims clearinghouses in Maryland and may
25 license those clearinghouses meeting those standards.

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

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

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

32 (5) Health care practitioners in Maryland, as designated by the
33 Commission, shall submit, and payors of health care services in Maryland as
34 designated by the Commission shall receive claims for payment and any other

1 information reasonably related to the medical care data base electronically in a
2 standard format as required by the Commission whether by means of a claims
3 clearinghouse or other method approved by the Commission.

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

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

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

15 (c) (1) The Commission shall:

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

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

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

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

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

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

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

37 (D) (1) THE COMMISSION MAY:

1 (I) ON OR BEFORE JULY 1, 2001, DEVELOP AND IMPLEMENT A
2 SYSTEM TO COMPARATIVELY EVALUATE THE QUALITY OF CARE OUTCOMES AND
3 PERFORMANCE MEASUREMENTS OF HOSPITALS AND ~~FREESTANDING~~ AMBULATORY
4 ~~CARE SURGICAL~~ FACILITIES ON AN OBJECTIVE BASIS; AND

5 (II) ANNUALLY PUBLISH THE SUMMARY FINDINGS OF THE
6 EVALUATION.

7 (2) (I) THE PURPOSE OF A COMPARABLE PERFORMANCE
8 MEASUREMENT SYSTEM ESTABLISHED UNDER THIS SECTION IS TO IMPROVE THE
9 QUALITY OF CARE PROVIDED BY HOSPITALS AND ~~FREESTANDING~~ AMBULATORY
10 ~~CARE SURGICAL~~ FACILITIES BY ESTABLISHING A COMMON SET OF PERFORMANCE
11 MEASUREMENTS AND DISSEMINATING THE FINDINGS OF THE PERFORMANCE
12 MEASUREMENTS TO HOSPITALS, ~~FREESTANDING~~ AMBULATORY ~~CARE SURGICAL~~
13 FACILITIES, CONSUMERS, AND INTERESTED PARTIES.

14 (II) IN DEVELOPING THE PERFORMANCE MEASUREMENT SYSTEM,
15 THE COMMISSION SHALL CONSIDER THE GEOGRAPHIC LOCATION, URBAN OR RURAL
16 ORIENTATION, AND TEACHING OR NONTEACHING STATUS OF THE HOSPITAL AND
17 THE ~~FREESTANDING~~ AMBULATORY ~~CARE SURGICAL~~ FACILITIES, AND THE HEALTH
18 STATUS OF THE POPULATION SERVED.

19 (3) THE SYSTEM, WHERE APPROPRIATE, SHALL SOLICIT PERFORMANCE
20 INFORMATION FROM CONSUMERS.

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

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

25 1. CONSIDER THE PERFORMANCE MEASUREMENTS OF ~~THE~~
26 ~~JOINT COMMISSION ON ACCREDITATION OF HEALTH CARE ORGANIZATIONS AND~~
27 APPROPRIATE ACCREDITATION ORGANIZATIONS, STATE LICENSURE REGULATIONS,
28 MEDICARE CERTIFICATION REGULATIONS, THE QUALITY INDICATOR PROJECT OF
29 THE ASSOCIATION OF MARYLAND HOSPITALS AND HEALTH SYSTEMS, AND ANY
30 OTHER RELEVANT PERFORMANCE MEASUREMENTS;

31 2. EVALUATE THE DESIRABILITY AND FEASIBILITY OF
32 DEVELOPING A CONSUMER CLEARINGHOUSE ON HEALTH CARE INFORMATION
33 USING EXISTING AVAILABLE DATA; AND

34 3. ON OR BEFORE JANUARY 1, 2001, REPORT TO THE
35 GENERAL ASSEMBLY, SUBJECT TO § ~~2-2446~~ 2-1246 OF THE STATE GOVERNMENT
36 ARTICLE, ON ANY PERFORMANCE EVALUATION DEVELOPED UNDER ~~SUBSECTION (D)~~
37 ~~OF THIS SECTION~~ THIS SUBSECTION.

38 (5) THE COMMISSION MAY CONTRACT WITH A PRIVATE ENTITY TO
39 IMPLEMENT THE SYSTEM REQUIRED UNDER THIS SUBSECTION PROVIDED THAT THE

1 ENTITY IS NOT A HOSPITAL OR A ~~FREESTANDING~~ AMBULATORY CARE SURGICAL
2 FACILITY.

3 SECTION 2. AND BE IT FURTHER ENACTED, That the Health Care Access
4 and Cost Commission shall perform its duties specified in Section 1 of this Act in
5 consultation with the Association of Maryland Hospitals and Health Systems, the
6 Maryland Ambulatory Surgical Association, and interested parties, including
7 consumers, payors, and employers.

8 ~~SECTION 3.~~ SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
9 effect October 1, 1999.