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By: **Senator Dorman**

Introduced and read first time: February 22, 1999

Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2                                   **Health Resources Planning Commission - Certificate of Need - Obstetric**  
3                                   **Medical Services - Prince George's County**

4 FOR the purpose of excluding new obstetric medical services established in Prince  
5 George's County on or after a certain date from certain requirements concerning  
6 certificates of need issued by the Health Resources Planning Commission; and  
7 generally relating to certain obstetric services in Prince George's County and  
8 certain certificate of need requirements.

9 BY repealing and reenacting, with amendments,  
10 Article - Health - General  
11 Section 19-115  
12 Annotated Code of Maryland  
13 (1996 Replacement Volume and 1998 Supplement)

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

16                                   **Article - Health - General**

17 19-115.

18       (a)       (1)       In this section the following words have the meanings indicated.

19                   (2)       "Health care service" means any clinically-related patient service  
20 including a medical service under paragraph (3) of this subsection.

21                   (3)       "Medical service" means:

22                           (i)       Any of the following categories of health care services:

23                                   1.       Medicine, surgery, gynecology, addictions;

24                                   2.       Obstetrics, EXCEPT FOR A NEW OBSTETRIC MEDICAL  
25 SERVICE ESTABLISHED IN PRINCE GEORGE'S COUNTY ON OR AFTER OCTOBER 1, 1999;



1 (2) This subsection does not apply if:

2 (i) The Commission adopts limits for relocations and the proposed  
3 relocation does not exceed those limits;

4 (ii) The relocation is the result of a partial or complete replacement  
5 of an existing hospital or related institution, as defined in § 19-301 of this title, and  
6 the relocation is to another part of the site or immediately adjacent to the site of the  
7 existing hospital or related institution; or

8 (iii) The relocation involves moving a portion of a complement of  
9 comprehensive care beds previously approved by the Commission after January 1,  
10 1995 for use in a proposed new related institution, as defined in § 19-301 of this title,  
11 but unbuilt on October 1, 1998 if:

12 1. The comprehensive care beds that were originally  
13 approved by the Commission in a prior certificate of need review were approved for  
14 use in a proposed new related institution to be located in a municipal corporation  
15 within Carroll County in which a related institution is not located;

16 2. The comprehensive care beds being relocated will be used  
17 to establish an additional new related institution that is located in another municipal  
18 corporation within Carroll County in which a related institution is not located;

19 3. The comprehensive care beds not being relocated are  
20 intended to be used to establish a related institution on the original site; and

21 4. Both the previously approved comprehensive care beds for  
22 use on the original site and the relocated comprehensive care beds for use on the new  
23 site will be used as components of single buildings on each site that also offer  
24 independent or assisted living residential units.

25 (3) Notwithstanding any other provision of this subtitle, a certificate of  
26 need is not required for a relocation described under paragraph (2)(iii) of this  
27 subsection.

28 (h) (1) A certificate of need is required before the bed capacity of a health  
29 care facility is changed.

30 (2) This subsection does not apply to any increase or decrease in bed  
31 capacity if:

32 (i) During a 2-year period the increase or decrease would not  
33 exceed the lesser of 10 percent of the total bed capacity or 10 beds;

34 (ii) 1. The increase or decrease would change the bed capacity  
35 for an existing medical service; and

36 2. A. The change would not increase total bed capacity;

- 1                                   B.       The change is maintained for at least a 1-year period; and
- 2                                   C.       At least 45 days prior to the change the hospital provides  
3 written notice to the Commission describing the change and providing an updated  
4 inventory of the hospital's licensed bed complement; or
- 5                                   (iii)    1.       At least 45 days before increasing or decreasing bed  
6 capacity, written notice of intent to change bed capacity is filed with the Commission;  
7 and
- 8                                   2.       The Commission in its sole discretion finds that the  
9 proposed change:
- 10                                  A.       Is pursuant to the consolidation or merger of 2 or more  
11 health care facilities, or conversion of a health care facility or part of a facility to a  
12 nonhealth-related use;
- 13                                  B.       Is not inconsistent with the State health plan or the  
14 institution-specific plan developed by the Commission;
- 15                                  C.       Will result in the delivery of more efficient and effective  
16 health care services; and
- 17                                  D.       Is in the public interest.
- 18                   (3)       Within 45 days of receiving notice, the Commission shall notify the  
19 health care facility of its finding.
- 20       (i)       (1)       A certificate of need is required before the type or scope of any health  
21 care service is changed if the health care service is offered:
- 22                                  (i)       By a health care facility;
- 23                                  (ii)      In space that is leased from a health care facility; or
- 24                                  (iii)     In space that is on land leased from a health care facility.
- 25       (2)       This subsection does not apply if:
- 26                                  (i)       The Commission adopts limits for changes in health care  
27 services and the proposed change would not exceed those limits;
- 28                                  (ii)      The proposed change and the annual operating revenue that  
29 would result from the addition is entirely associated with the use of medical  
30 equipment;
- 31                                  (iii)     The proposed change would establish, increase, or decrease a  
32 health care service and the change would not result in the:
- 33                                   1.       Establishment of a new medical service or elimination of  
34 an existing medical service;



1 (iv) Before the expansion of a home health service or program by a  
2 health care facility that:

3 1. Established the home health service or program without a  
4 certificate of need between January 1, 1984 and July 1, 1984; and

5 2. During a 1-year period, the annual operating revenue of  
6 the home health service or program would be greater than \$333,000 after an annual  
7 adjustment for inflation, based on an appropriate index specified by the Commission.

8 (j) (1) A certificate of need is required before any of the following capital  
9 expenditures are made by or on behalf of a health care facility:

10 (i) Any expenditure that, under generally accepted accounting  
11 principles, is not properly chargeable as an operating or maintenance expense, if:

12 1. The expenditure is made as part of an acquisition,  
13 improvement, or expansion, and, after adjustment for inflation as provided in the  
14 regulations of the Commission, the total expenditure, including the cost of each study,  
15 survey, design, plan, working drawing, specification, and other essential activity, is  
16 more than \$1,250,000;

17 2. The expenditure is made as part of a replacement of any  
18 plant and equipment of the health care facility and is more than \$1,250,000 after  
19 adjustment for inflation as provided in the regulations of the Commission;

20 3. The expenditure results in a substantial change in the bed  
21 capacity of the health care facility; or

22 4. The expenditure results in the establishment of a new  
23 medical service in a health care facility that would require a certificate of need under  
24 subsection (i) of this section; or

25 (ii) Any expenditure that is made to lease or, by comparable  
26 arrangement, obtain any plant or equipment for the health care facility, if:

27 1. The expenditure is made as part of an acquisition,  
28 improvement, or expansion, and, after adjustment for inflation as provided in the  
29 rules and regulations of the Commission, the total expenditure, including the cost of  
30 each study, survey, design, plan, working drawing, specification, and other essential  
31 activity, is more than \$1,250,000;

32 2. The expenditure is made as part of a replacement of any  
33 plant and equipment and is more than \$1,250,000 after adjustment for inflation as  
34 provided in the regulations of the Commission;

35 3. The expenditure results in a substantial change in the bed  
36 capacity of the health care facility; or



- 1 C. Is in the public interest; and
- 2 3. Within 45 days of receiving notice, the Commission shall  
3 notify the health care facility of its finding;
- 4 (vi) A capital expenditure by a nursing home for equipment,  
5 construction, or renovation that:
- 6 1. Is not directly related to patient care; and
- 7 2. Is not directly related to any change in patient charges or  
8 other rates;
- 9 (vii) A capital expenditure by a hospital, as defined in § 19-301 of  
10 this title, for equipment, construction, or renovation that:
- 11 1. Is not directly related to patient care; and
- 12 2. Does not increase patient charges or hospital rates;
- 13 (viii) A capital expenditure by a hospital as defined in § 19-301 of  
14 this title, for a project in excess of \$1,250,000 for construction or renovation that:
- 15 1. May be related to patient care;
- 16 2. Does not require, over the entire period or schedule of debt  
17 service associated with the project, a total cumulative increase in patient charges or  
18 hospital rates of more than \$1,500,000 for the capital costs associated with the project  
19 as determined by the Commission, after consultation with the Health Services Cost  
20 Review Commission;
- 21 3. At least 45 days before the proposed expenditure is made,  
22 the hospital notifies the Commission and within 45 days of receipt of the relevant  
23 financial information, the Commission makes the financial determination required  
24 under item 2 of this subparagraph; and
- 25 4. The relevant financial information to be submitted by the  
26 hospital is defined in regulations promulgated by the Commission, after consultation  
27 with the Health Services Cost Review Commission; or
- 28 (ix) A plant donated to a hospital as defined in § 19-301 of this title,  
29 which does not require a cumulative increase in patient charges or hospital rates of  
30 more than \$1,500,000 for capital costs associated with the donated plant as  
31 determined by the Commission, after consultation with the Health Services Cost  
32 Review Commission that:
- 33 1. At least 45 days before the proposed donation is made, the  
34 hospital notifies the Commission and within 45 days of receipt of the relevant  
35 financial information, the Commission makes the financial determination required  
36 under this subparagraph; and



1 (n) (1) Notwithstanding any other provision of this section, the Commission  
2 shall consider the special needs and circumstances of a county where a medical  
3 service, as defined in this section, does not exist; and

4 (2) The Commission shall consider and may approve under this  
5 subsection a certificate of need application to establish, build, operate, or participate  
6 in a health care project to provide a new medical service in a county if the  
7 Commission, in its sole discretion, finds that:

8 (i) The proposed medical service does not exist in the county that  
9 the project would be located;

10 (ii) The proposed medical service is necessary to meet the health  
11 care needs of the residents of that county;

12 (iii) The proposed medical service would have a positive impact on  
13 the existing health care system;

14 (iv) The proposed medical service would result in the delivery of  
15 more efficient and effective health care services to the residents of that county; and

16 (v) The application meets any other standards or regulations  
17 established by the Commission to approve applications under this subsection.

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