

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 991 (Delegate Hubbard)

Environmental Matters

Health Resources Planning Commission - Certificate of Need - Obstetric Medical Services

This bill excludes obstetric medical services from certificate of need (CON) requirements.

Fiscal Summary

State Effect: Indeterminate effect on expenditures. Potential long-term expenditure and revenue increase if the bill results in substantially more providers of obstetric services.

Local Effect: None.

Small Business Effect: Potential meaningful.

Fiscal Analysis

Background: A CON is the primary method for implementing the State Health Plan and is generally required for capital expenditures, additions, or modifications to existing facilities or services, and for new services. The basis for approval of a CON is need, as determined in the State Health Plan.

State Expenditures: The Health Resources Planning Commission's (HRPC) workload could decrease by an indeterminate amount due to the bill's repeal of the CON requirement for obstetric services. The number of CON applications from a particular type of health care facility or service varies from year to year and is driven by the needs of the particular industry. Because of this variation, it is difficult to estimate the extent of any potential savings resulting from the bill. Therefore, expenditures would likely not decrease and any surplus staff resources would be assigned elsewhere within the commission.

In the long term, Department of Health and Mental Hygiene (DHMH) revenues and expenditures could potentially increase to the extent that elimination of CON requirements for obstetric services increases the number of ambulatory care facilities offering obstetric services. This could result in an increase in ambulatory care facility license fee collections and in the number of DHMH inspections.

Small Business Effect: New obstetric service providers could be favorably affected by the CON exemption and existing obstetric service providers could be adversely affected. Most ambulatory care facilities are single-specialty, physician-owned, and considered small businesses.

Information Source(s): Department of Health and Mental Hygiene (Health Resources Planning Commission, Health Services Cost Review Commission), Department of Legislative Services

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