

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE

House Bill 63 (Chairman, Environmental Matters Committee)  
(Departmental - Health and Mental Hygiene)  
Environmental Matters

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**Freestanding Ambulatory Care Facilities - Inspections**

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This departmental bill authorizes the Department of Health and Mental Hygiene (DHMH) to inspect an ambulatory care facility (ACF) to determine if it meets licensure requirements. It clarifies the authority of DHMH to delegate an inspection of kidney dialysis facilities to the Kidney Disease Commission (KDC).

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**Fiscal Summary**

**State Effect:** Indeterminate, depending on whether DHMH chooses to delegate inspection authority to the KDC and whether current KDC visits constitute full inspections. Revenues would not be affected.

**Local Effect:** None.

**Small Business Effect:** The Department of Health and Mental Hygiene has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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**Fiscal Analysis**

**Background:** Chapter 499 of 1995 requires licensure of ACFs. ACFs include ambulatory surgical facilities, kidney dialysis centers, and freestanding birthing centers. Chapter 499 provides that certification by Medicare, if available, is a condition of licensure for both ambulatory surgical centers and kidney dialysis centers. Further, an ACF accredited by an organization approved by DHMH is deemed to meet State licensing requirements. Chapter

499 authorizes DHMH to inspect an ACF (1) for the purpose of complaint investigations; (2) to follow up on a serious problem identified in an accreditation report; and (3) annually validate the findings of an accrediting organization's report.

The Kidney Disease Commission sets standards for the operation of kidney dialysis and transplant centers and is primarily special funded (97%). The following table shows the number of inspections and complaint investigations performed by the Licensing and Certification Administration (LCA) within DHMH and the Kidney Disease Commission.

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<b>Inspections and Complaint Investigations</b>		
	<b>FY 1998</b>	<b>FY 2000</b>
	<b><u>Actual</u></b>	<b><u>Estimate</u></b>
<u>Ambulatory Care Facilities</u>		
<i>LCA</i>		
Inspections	58	87
Complaint Investigations	0	5
<u>Kidney Dialysis Centers</u>		
<i>LCA</i>		
Inspections	38	48
Complaint Investigations	6	6
<i>Kidney Disease Commission</i>		
Inspections	87	100
Complaint Investigations	6	10

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**State Expenditures:** There is no fiscal impact from the bill's provision authorizing inspection of ACFs for licensure purposes because the Licensing and Certification Administration already performs this function. The provision authorizing DHMH to delegate responsibility for inspections of kidney dialysis centers to the Kidney Disease Commission could have an indeterminate impact on general, special, and federal fund expenditures.

LCA currently conducts investigations of kidney dialysis centers for federal Medicare certification and would continue to do so. DHMH is unable to provide information as to whether the current KDC visits constitute a full inspection. If LCA delegates inspection of kidney dialysis facilities to KDC, and KDC visits constitute a full inspection (as compared to those done by LCA), there would be no increase in workload. If LCA delegates inspection of kidney dialysis facilities to KDC, and KDC visits do not constitute a full inspection, KDC workload could increase as a result of changing its inspection procedures. Further, it is possible that KDC could take over some of the federal Medicare certification workload currently done by LCA, which could result in savings for LCA. It is assumed that any surplus staff resources due to decreased workload in LCA would be reassigned to other LCA functions.

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**Information Source(s):** Department of Health and Mental Hygiene (Licensing and Certification Administration), Department of Legislative Services

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Analysis by: Sue Friedlander

Direct Inquiries to:

John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510