

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE
Revised

House Bill 705 (Delegate Guns. *et al.*)

Environmental Matters

Hospitals and Ambulatory Surgical Facilities - Quality of Care and Performance Act

This bill authorizes the Health Care Access and Cost Commission (HCACC) to develop a report card for hospitals and ambulatory surgical facilities by July 1, 2001 and to contract with a private entity to develop the report card. HCACC must report to the General Assembly by January 1, 2001 on any report card it has developed. The bill requires HCACC to consult with the Association of Maryland Hospitals and Health Systems, the Maryland Ambulatory Surgical Association, and other interested parties in developing a report card.

Fiscal Summary

State Effect: Assuming that HCACC develops a report card for hospitals and ambulatory surgical facilities, special fund expenditures increase by \$50,000 in FY 2000 offset by an equal amount of special fund revenues. Future year expenditures and revenues increase with annualization, inflation, and the project’s progress from planning to implementation. Future year expenditures could be higher depending on how HCACC structures the hospital/ambulatory surgical facility report card and whether data are available from existing sources.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
SF Revenues	\$50,000	\$67,100	\$90,300	\$92,500	\$94,800
SF Expenditures	50,000	67,100	90,300	92,500	94,800
Net Effect	\$0	\$0	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect

Local Effect: None.

Small Business Effect: Minimal.

Fiscal Analysis

Background: There are approximately 280 ambulatory surgical centers in Maryland and 79 hospitals (including general, rehabilitation, and psychiatric hospitals).

Chapter 9 of 1993 required HCACC to develop an HMO report card. The fiscal 2000 allowance for the HMO report card includes \$440,000 in contractor costs for the third annual report card and \$550,000 in contractor costs for the fourth annual report card. These amounts cover auditing of HMO data, design and distribution, and an enrollee and practitioner survey.

State Effect: Assuming that HCACC develops a report card for hospitals and ambulatory surgical facilities, special fund expenditures could increase by an estimated \$49,978 in fiscal 2000, which accounts for the bill's October 1, 1999 effective date. This estimate reflects the cost of a contractor and hiring one economist to perform research, conduct economic analyses, and supervise the contractor. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$34,675
Contractor	10,000
Other Operating Expenses	<u>5,303</u>
Total FY 2000 State Expenditures	\$49,978

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; and (3) increase in contractor expenditures as the project progresses from the planning to the implementation stage. Further, future year expenditures could be higher (i.e., closer to the HMO report card budgeted amount), depending on how HCACC structures the hospital/ambulatory surgical facility report card and whether data are available from existing sources.

Special fund revenues would increase by an equal amount because HCACC's operating expenditures are supported with revenues from user fees.

Information Source(s): Department of Health and Mental Hygiene (Health Care Access and Cost Commission, Licensing and Certification Administration), Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 26, 1999

ncs/jr Revised - House Third Reader - March 22, 1999

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