

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 909 (Delegate Guns. *et al.*)

Environmental Matters

Off-Site Outpatient Hospital Facility - Rate Regulation

This bill authorizes a hospital that has transferred certain outpatient services to an off-site facility prior to January 1, 1999 to elect to have these services subject to Health Services Cost Review Commission (HSCRC) hospital rate setting and to be reimbursed by Medicaid at HSCRC-approved rates if certain conditions are met. These conditions include (1) the transfer of outpatient services must be due to zoning restrictions at the hospital campus; (2) the off-site facility must be surveyed as part of the hospital for accreditation by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO); and (3) the hospital must notify HSCRC by July 1, 1999 that it would like the services provided at the off-site facility subject to HSCRC hospital rate-setting. The bill takes effect June 1, 1999.

Fiscal Summary

State Effect: None. Because it is assumed that this bill will apply in a limited number of cases, State finances should not be affected.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Background: Medicare pays for outpatient services at three rates: (1) hospital-based; (2) freestanding ambulatory center; and (3) physician fee schedule. Several Maryland hospitals bill Medicare at the higher hospital-based rate for outpatient services not subject to HSCRC rate setting (because they are provided "off-site"). The federal agency that administers Medicare (Health Care Financing Administration) recently determined that it would not pay

