
By: **Delegate Hurson**
Introduced and read first time: February 10, 2000
Assigned to: Environmental Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 21, 2000

CHAPTER _____

1 AN ACT concerning

2 **Hospital Bonds - ~~Public Body Obligation~~ Maryland Hospital Bond Program -**
3 **Study**

4 FOR the purpose of ~~providing that a public body obligation includes a bond or other~~
5 ~~obligation issued on behalf of a hospital that voluntarily closed that is insured~~
6 ~~by an effective municipal corporation insurance policy; and generally relating to~~
7 ~~public body obligations for closed or delicensed hospitals~~ requiring the Maryland
8 Health and Higher Education Facilities Authority and the Health Services Cost
9 Review Commission to conduct a certain study of the Maryland Hospital Bond
10 Program and to make a certain report by a certain date.

11 ~~BY repealing and reenacting, with amendments,~~
12 ~~Article 43C - Maryland Health and Higher Educational Facilities Authority~~
13 ~~Section 16A(b)~~
14 ~~Annotated Code of Maryland~~
15 ~~(1998 Replacement Volume and 1999 Supplement)~~

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That ~~the Laws of Maryland read as follows:~~ the Maryland Health and
18 Higher Education Facilities Authority and the Health Services Cost Review
19 Commission, in consultation with bond rating agencies, bond insurance companies,
20 the Maryland Hospital Association, and any other interested parties, shall study
21 changes to the Maryland Hospital Bond Program that will ensure access to affordable
22 capital for Maryland hospitals while providing for the orderly elimination of excess
23 hospital capacity in Maryland. On or before December 31, 2000, the Authority and the
24 Commission, in accordance with § 2-1246 of the State Government Article, shall
25 report any findings and recommendations to the General Assembly.

1 ~~Article 43C—Maryland Health and Higher Educational Facilities Authority~~2 ~~16A.~~3 (b) (1) ~~In this section the following terms have the meanings indicated.~~

4 (2) ~~"Closure costs" means the reasonable costs determined by the Health~~
 5 ~~Services Cost Review Commission to be incurred in connection with the closure,~~
 6 ~~delicensure, or conversion of a hospital, including expenses of operating the hospital,~~
 7 ~~payments to employees, employee benefits, fees of consultants, insurance, security~~
 8 ~~services, utilities, legal fees, capital costs, costs of terminating contracts with vendors,~~
 9 ~~suppliers of goods and services and others, debt service, contingencies and other~~
 10 ~~necessary or appropriate costs and expenses.~~

11 (3) (i) ~~"Public body obligation" means any bond, note, evidence of~~
 12 ~~indebtedness or other obligation for the payment of borrowed money issued by the~~
 13 ~~Authority, the State, any agency, instrumentality, or public corporation of the State,~~
 14 ~~any public body as defined in Article 31, § 9 of the Code, the Mayor and City Council~~
 15 ~~of Baltimore, or any municipal corporation subject to the provisions of Article XI-E of~~
 16 ~~the Maryland Constitution.~~

17 (ii) ~~"Public body obligation" does not include any obligation, or~~
 18 ~~portion of any such obligation, if:~~

19 1. ~~The principal of and interest on the obligation or such~~
 20 ~~portion thereof is:~~

21 A. ~~Insured by an effective municipal bond insurance policy;~~
 22 ~~and~~

23 B. ~~Issued] ISSUED on behalf of a hospital that voluntarily~~
 24 ~~closed in accordance with § 19-123(l) of the Health—General Article;~~

25 2. ~~The proceeds of the obligation or such portion thereof were~~
 26 ~~used for the purpose of financing or refinancing a facility or part thereof which is used~~
 27 ~~primarily to provide outpatient services at a location other than the hospital; or~~

28 3. ~~The proceeds of the obligation or such portion thereof were~~
 29 ~~used to finance or refinance a facility or part thereof which is primarily used by~~
 30 ~~physicians who are not employees of the hospital for the purpose of providing services~~
 31 ~~to nonhospital patients.~~

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 33 October 1, 2000.

