

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE
 Revised

House Bill 432 (Delegate Guns)

Environmental Matters

Maryland Health Care Commission and Health Services Cost Review
 Commission - Use of Assessed Fees - Direct Costs

This bill changes the requirement that Maryland Health Care Commission (MHCC) fees assessed on hospitals, nursing homes, payors, and health care providers be used to cover both the direct and indirect costs of fulfilling the commission’s duties. The bill provides that the fees assessed may be used only to cover direct costs. In addition, the bill changes the requirement that Health Services Cost Review Commission (HSCRC) fees imposed on hospitals be used to cover both direct and indirect costs by providing that HSCRC fees may only be used to cover direct costs.

Fiscal Summary

State Effect: \$172,300 special fund revenue decrease for the MHCC in FY 2001. Future year revenue reductions reflect inflation. Expenditures would not be affected. No effect on the HSCRC.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
SF Revenues	(\$172,300)	(\$177,500)	(\$182,800)	(\$188,300)	(\$194,000)
SF Expenditures	0	0	0	0	0
Net Effect	(\$172,300)	(\$177,500)	(\$182,800)	(\$188,300)	(\$194,000)

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

Local Effect: None.

Small Business Effect: Potential minimal. MHCC fees assessed on health care providers that are small businesses may decrease by a minimal amount.

Analysis

Current Law: Fees assessed by MHCC must be used for both direct and indirect costs associated with fulfilling MHCC's duties and responsibilities. The total fees assessed may not exceed \$8,250,000 in any fiscal year. Fees assessed by HSCRC must be used for both direct and indirect costs associated with fulfilling the commission's duties. The total fees assessed may not exceed \$3,500,000 per year.

Background: The Department of Health and Mental Hygiene (DHMH) charges individual health occupation boards and health commissions for indirect costs, which include procurement services, rental space, legal services, volunteer services, and other similar services that DHMH provides to the boards and commissions.

Chapter 702 of 1999 consolidated the Health Resource Planning Commission (HRPC) and the Health Care Access and Cost Commission (HCACC) into one regulatory entity, MHCC. The consolidation of these two commissions resulted in the statutory provision that the new commission, MHCC, must use assessed fees to pay for both direct and indirect costs.

Before the commission consolidation, HRPC was required by statute to use fees assessed on hospitals and nursing homes to cover both direct and indirect costs. DHMH, however, had never charged HRPC for any indirect costs, and HRPC in turn had never based its fees on indirect costs. HCACC had never been required to take indirect costs into account when assessing fees on its payors and providers.

Likewise, HSCRC is required by statute to use fees assessed on hospitals and nursing homes to cover both direct and indirect costs, but also has not been charged by DHMH for the indirect costs. An audit conducted by the Office of Legislative Audits noted these discrepancies. Consequently, DHMH will begin charging MHCC and HSCRC for indirect costs, beginning in fiscal 2000.

State Fiscal Effect: MHCC special fund revenues will decrease by \$172,331 in fiscal 2001. The bill's provisions would require MHCC to use assessed fees only for the direct costs associated with fulfilling its duties and responsibilities. Consequently, MHCC will assess lower fees on hospitals, nursing homes, payors, and health care providers. Future year revenue reductions reflect inflation.

The bill's provisions have no effect on HSCRC. While DHMH will begin to charge HSCRC for indirect costs in fiscal 2000, HSCRC has not yet adjusted its fees to reflect DHMH's new billing practice.

Because DHMH has not historically charged any of the commissions for indirect costs, it is assumed that DHMH can absorb indirect costs associated with the commissions within

existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Maryland Health Care Commission), Department of Legislative Services

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