

**Department of Legislative Services**

Maryland General Assembly

2001 Session

**FISCAL NOTE****Revised**

House Bill 733

(Chairman, Environmental Matters Committee)

(Departmental – Health and Mental Hygiene)

Environmental Matters

Finance

**Health Services Cost Review Commission - User Fees**

This departmental bill increases the Health Services Cost Review Commission's (HSCRC) annual user fee cap from \$3.5 million to \$4 million. The percentage amount by which total user fees assessed by HSCRC are increased each fiscal year cannot exceed the percentage amount by which the annual update factor applicable to all Maryland acute care hospitals is increased in the same fiscal year. The HSCRC cannot increase user fees beyond the current \$3.5 million cap until the later of: (1) July 1, 2001; or (2) HSCRC's completion of an assessment of the financial condition and future viability of Maryland's hospitals and submission of a report on its findings and plan of corrective action to the Senate Finance Committee, the Senate Budget and Taxation Committee, the House Environmental Matters Committee, and the House Economic Matters Committee.

**Fiscal Summary**

**State Effect:** HSCRC special fund revenues and expenditures could each increase by as much as \$82,300 in FY 2002. Medicaid expenditures could increase by an estimated \$5,000 (50% general funds, 50% federal funds) in FY 2002. Future year increases remain constant.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
SF Revenue	\$82,300	\$84,300	\$86,400	\$88,600	\$90,800
GF Expenditure	2,500	2,600	2,600	2,700	2,800
SF Expenditure	82,300	84,300	86,400	88,600	90,800
FF Expenditure	2,500	2,600	2,600	2,700	2,800
Net Effect	(\$5,000)	(\$5,200)	(\$5,200)	(\$5,400)	(\$5,600)

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

**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. (The attached assessment does not reflect amendments to the bill.)

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## Analysis

**Current Law:** HSCRC is special funded by user fees assessed on hospitals. The annual user fee cap is \$3.5 million.

**State Fiscal Effect:** Assuming HSCRC submits the required report in fiscal 2002, HSCRC special fund revenues could increase by as much as \$82,250 in fiscal 2002. Special fund expenditures are expected to closely match revenues to cover ongoing HSCRC operations.

HSCRC's fiscal 2002 budget is \$3.29 million. The bill limits an increase in the total user fee assessment to the percentage increase of the annual update factor applied to acute care hospitals. In fiscal 2001, the annual update factor increased 2.5%. Accordingly, HSCRC may increase the user fee by 2.5% of its current budget or by \$82,250 in fiscal 2002. Future year estimates assume 2.5% growth.

Medicaid expenditures could increase by an estimated \$5,000 (50% general funds, 50% federal funds) annually, beginning in fiscal 2002 as a result of increased hospital rates associated with the higher user fee assessment. Medicaid's share of total hospital patient revenues is approximately 12% annually. Future year increases assume 2.5% growth.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene (Health Services Cost Review Commission), Department of Legislative Services

**Fiscal Note History:** First Reader – March 6, 2001  
ncs/cer Revised – House Third Reader – March 30, 2001  
Revised – Enrolled Bill – May 2, 2001

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