

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 366 (Chairman, Environmental Matters Committee)
(Department of Legislative Services)

Environmental Matters

Finance

**Maryland Program Evaluation Act - Maryland Health Care Commission and the
State Health Services Cost Review Commission**

This bill changes the program evaluation dates of both the Maryland Health Care Commission (MHCC) and the Health Services Cost Review Commission (HSCRC) from July 1, 2002 to July 1, 2007.

Fiscal Summary

State Effect: Any expenses associated with conducting program evaluations in FY 2008 could be handled with existing budgeted resources of the Maryland Health Care Commission, the Health Services Cost Review Commission, and the Department of Legislative Services. No effect on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The commissions are both subject to the Maryland Program Evaluation Act, which provides a system of periodic legislative review of the regulatory, licensing, and other governmental activities of various units of State government. Neither commission is subject to a termination date.

Background: This bill arises out of the preliminary evaluations of the MHCC and HSCRC performed by the Department of Legislative Services (DLS) during 2000. In the two October 2000 reports, DLS recommended that the program evaluation dates be changed to July 1, 2007. Generally, program evaluation dates are extended ten years; however, DLS recommended a five-year extension because health care industry standards may change significantly during that time.

Maryland Health Care Commission: MHCC was established in 1999 by merging the Health Resources Planning Commission and the Health Care Access and Cost Commission. MHCC is responsible for: (1) overseeing the Comprehensive Standard Health Benefit Plan established for the small group health insurance market; (2) overseeing the State Health Plan; (3) maintaining provider encounter data systems; (4) implementing quality and performance report cards for HMOs; (5) administering the certificate of need process; and (6) various other health care regulatory duties.

MHCC's fiscal 2002 budget allowance is \$8.21 million. MHCC is special funded and is statutorily limited to assessing a maximum of \$8.25 million in user fees annually. The MHCC assesses user fees on hospitals, nursing homes, health insurance payors, and health care practitioners.

Health Services Cost Review Commission: HSCRC was established in 1971 in an effort to control health care costs and increase the quality of health care through hospital rate regulation. HSCRC is responsible for: (1) setting hospital rates; (2) administering the Substantial, Available, and Affordable Coverage (SAAC) health insurance product offered by some health insurers to the medically uninsurable; and (3) maintaining an uncompensated care fund for hospitals that treat large numbers of uninsured persons.

HSCRC's fiscal 2002 budget allowance is \$2.7 million (excluding the uncompensated care fund balance). HSCRC is special funded and is statutorily limited to assessing a maximum of \$3.5 million in user fees annually. HSCRC assesses user fees on the 58 hospitals under the commission's rate-setting authority.

Additional Information

Prior Introductions: None.

Cross File: SB 317 (The President) – Finance.

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

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ncs/jr

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