

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

Senate Bill 786

(Chairman, Finance Committee)

(Departmental – Health and Mental Hygiene)

Finance

Environmental Matters

Department of Health and Mental Hygiene - Maryland Health Care Commission
- Modifications and Clarifications

This departmental bill transfers the responsibility for global public health planning and local health planning agencies from the Maryland Health Care Commission (MHCC) to the Department of Health and Mental Hygiene (DHMH). In addition, the bill gives MHCC authority to set reasonable deadlines for the filing of required information or reports from various entities, impose reasonable penalties for failure to meet deadlines, and makes other technical corrections to current law.

The bill also increases MHCC's annual user fee assessment from \$8,250,000 to \$10,0000. The bill repeals the user fee assessment proportions for various types of users. Instead, MHCC must use a methodology that accounts for the portion of its workload attributable to each user and recalculate workload distribution every four years. MHCC must adopt regulations that permit a waiver of the user fee assessment for certain health care practitioners.

The bill takes effect July 1, 2001.

Fiscal Summary

State Effect: MHCC special fund revenues and expenditures would each increase by \$350,000 in FY 2002. Future year estimates reflect a five-year phase-in of the \$1.75 million increase in the user fee cap.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
SF Revenue	\$350,000	\$700,000	\$1,050,000	\$1,400,000	\$1,750,000
SF Expenditure	350,000	700,000	1,050,000	1,400,000	1,750,000
Net Effect	\$0	\$0	\$0	\$0	\$0

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 (DHMH) 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.)

Analysis

Current Law: The authority for health planning was transferred to DHMH pursuant to Chapter 702 of 1999. However, authority over health planning is still contained in the MHCC subtitle. MHCC does not have authority to fine entities that do not submit statutorily required information in a timely manner. MHCC is special funded by user fees assessed on: (1) hospitals; (2) nursing homes; (3) health insurance payors; and (4) health care practitioners. The annual user fee cap is \$8.25 million.

Background: Chapter 702 of 1999 merged the former Health Care Access and Cost Commission (HCACC) and the Health Resources Planning Commission (HRPC). Chapter 702 also transferred responsibility for global public health planning and local health planning agencies from MHCC to DHMH. This bill makes technical changes to the Health-General Article to reflect the intent of Chapter 702. In order to distinguish between the local planning functions transferred to DHMH and MHCC's continuing authority over the State Health Plan and certificate of need provisions, the local planning functions transferred to DHMH have been renamed as the State Health Improvement Plan and the certificate of need function still performed by MHCC has been renamed the State Health Plan for Facilities and Services.

In addition, the bill makes other technical corrections resulting from the merger legislation. It gives MHCC authority to impose reasonable fines on entities that fail to report statutorily required information. This authority had been in the Health-General Article governing the former Health Care Access and Cost Commission but was omitted from the merger legislation (Chapter 702). The bill also changes a technical reference to the basis for user fee collection for carriers from "premiums collected" to "premiums earned."

State Fiscal Effect: MHCC intends to phase in the user fee increase over five years. Accordingly, special fund revenues would increase by \$350,000 in fiscal 2002, and by an additional \$350,000 each year thereafter. Special fund expenditures are expected to closely match revenues to cover ongoing MHCC operations.

MHCC's fiscal 2001 appropriation is \$7.79 million and its fiscal 2002 appropriation is \$8.21 million. Future year expenditures are expected to exceed the current \$8.25 million user fee cap.

Additional Information

Prior Introductions: None.

Cross File: HB 652 (Chairman, Environmental Matters Committee) – Environmental Matters.

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

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