

Department of Legislative Services
 Maryland General Assembly
 2001 Session

FISCAL NOTE

Senate Bill 139 (Senator Della)
 Economic and Environmental Affairs

Violations of the Health - General Article - Notice to Affected Individuals

This bill requires the Secretary of the Department of Health and Mental Hygiene (DHMH) to provide written notice to specified persons when a regulated health care provider or facility has violated a provision of the Health-General Article and DHMH has taken disciplinary action against the provider or facility.

Fiscal Summary

State Effect: General fund revenues and expenditures each increase by \$92,700 in FY 2002. Future year increases reflect annualization and inflation.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
GF Revenue	\$92,700	\$108,300	\$114,100	\$120,300	\$126,900
GF Expenditure	92,700	108,300	114,100	120,300	126,900
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: To the extent that local health department-funded providers or facilities are required to pay for written notices, local government expenditures may increase. Any increase is expected to be minimal. No effect on revenues.

Small Business Effect: Potential minimal. To the extent that small business providers or facilities are required to pay for written notices, expenditures may increase.

Analysis

Bill Summary: DHMH must provide written notice of a disciplinary action and violation to: (1) the individual whose care, treatment, or circumstances gave rise to the disciplinary action and to the individual's legal representative; (2) an individual who has been adversely affected by the conduct or condition giving rise to the violation; (3) the individual's attending physician; and (4) any other health care provider contributing to the individual's care.

The regulated health care provider or facility that violates a provision of the Health-General Article must pay the cost of providing the written notice required by the bill.

DHMH may adopt regulations to implement the bill's requirements.

Current Law: The State health occupation boards and commissions maintain oversight authority for licensed health care professionals. The Office of Health Care Quality (OHCQ) has oversight authority for over 40 different types of health care facilities and institutions. Examples of facilities include hospitals, hospice care facilities, assisted living facilities, clinics, nursing homes, and laboratories. Facilities found in violation of current law are subject to OHCQ's issuing a deficiency statement whereas licensed health care providers found in violation by OHCQ are referred to the appropriate board.

State Fiscal Effect: OHCQ general fund expenditures could increase by an estimated \$92,680 in fiscal 2002, which accounts for the bill's October 1, 2001 effective date. This estimate reflects the cost of hiring one part-time health facility surveyor nurse, one part-time assistant attorney general, and one full-time administrative specialist to write, approve, and mail notices to affected individuals. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$76,876
Postage for 2000 Letters	680
Other Operating Expenses	<u>15,124</u>
Total FY 2002 State Expenditures	\$92,680

Future year expenditures reflect: (1) full salaries with a 6.5% increase in fiscal 2003, 4.5% annual increases each year thereafter, and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

General fund revenues would increase by \$92,680 in fiscal 2002 as a result of the bill's provision that persons or facilities that have violated provisions of the Health-General Article must pay the cost of providing the required written notice. This estimate assumes 20 written notices per sanction and 100 sanctions annually. It also assumes that the persons or facilities would be charged an amount that covers the additional staff required to provide written notices. Future year revenues mirror increases in future year expenditures. If violators only pay costs to cover mailing the written notices, general fund revenues would be significantly reduced.

Any expenses associated with promulgating regulations could be handled with existing DHMH budgeted resources.

Additional Information

Prior Introductions: A similar bill, SB 761, was introduced in the 2000 session. The bill passed the Senate on third reader, but was reported unfavorably from the House Environmental Matters Committee.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Boards and Commissions, Office of Health Care Quality, Developmental Disabilities Administration), Health Claims Arbitration Office, Department of Legislative Services

Fiscal Note History: First Reader – February 1, 2001
jm/cr

Analysis by: Susan D. John

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510