

HOUSE BILL 650

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2002 Regular Session  
2r1857  
CF 2r1780

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By: **Delegate Hammen**

Introduced and read first time: February 4, 2002

Assigned to: Environmental Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 26, 2002

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~Maryland Medical Assistance Program and Maryland Children's Health~~  
3 ~~Program~~ Department of Health and Mental Hygiene - Reimbursement Rates

4 FOR the purpose of requiring the Department of Health and Mental Hygiene to  
5 ~~establish in developing~~ establish in developing a certain annual process to set reimbursement rates for  
6 ~~certain programs that reflect the Maryland Medical Assistance Program and the~~  
7 Maryland Children's Health Program that considers certain rates, systems,  
8 systems and codes; requiring the Department to establish a certain annual  
9 process to set reimbursement rates for the public mental health system that  
10 considers certain costs; requiring the Department to submit a certain annual  
11 ~~report reports; making stylistic changes;~~ and generally relating to the  
12 reimbursement rates of the Maryland Medical Assistance Program ~~and~~ the  
13 Maryland Children's Health Program, and the public mental health system.

14 BY repealing and reenacting, with amendments,  
15 Chapter 702 of the Acts of the General Assembly of 2001  
16 Section 1

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Chapter 702 of the Acts of 2001**

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
21 MARYLAND, That:

22 (a) The Department of Health and Mental Hygiene shall:

1 (1) establish a process to annually set the fee-for-service reimbursement  
 2 rates for the Maryland Medical Assistance Program and the Maryland Children's  
 3 Health Program in a manner that ensures participation of providers; and

4 (2) in developing the process required under item (1) of this subsection,  
 5 consider ~~AND THAT REFLECTS:~~

6 (i) ~~(1)~~ a reimbursement system that reflects reimbursement  
 7 fee-for-service rates paid in the community as well as annual medical inflation; or

8 (ii) ~~(2)~~ the CURRENT Resource Based Relative Value Scale system  
 9 used in the federal Medicare program or THE American Dental Association ~~CPT-3~~  
 10 CDT-3 Codes.

11 (b) On or before [September 1, 2001] SEPTEMBER 1 OF EACH YEAR, the  
 12 Department shall submit a report to the Governor and, in accordance with § 2-1246 of  
 13 the State Government Article, to the Senate Finance Committee, the Senate Budget  
 14 and Taxation Committee, the House Environmental Matters Committee, and the  
 15 House Appropriations Committee on:

16 (1) its progress in complying with subsection (a) of this section;

17 (2) an analysis of the fee-for-service reimbursement rates paid in other  
 18 states and how those rates compare with those in Maryland;

19 (3) its schedule for bringing Maryland's fee-for-service reimbursement  
 20 rates to a level that assures that all health care providers are reimbursed adequately  
 21 to provide access to care; and

22 (4) an analysis on the estimated costs of implementing the schedule and  
 23 any proposed changes to the fee-for-service reimbursement rates for the Maryland  
 24 Medical Assistance Program and the Maryland Children's Health Program.

25 SECTION 2. AND BE IT FURTHER ENACTED, That:

26 (a) The Department of Health and Mental Hygiene shall establish a process to  
 27 annually set the fee-for-service reimbursement rates for the public mental health  
 28 system in a manner that ensures participation of providers and that considers the  
 29 reasonable costs of such factors as:

30 (1) employees that offer treatment, rehabilitation, and other services  
 31 directly to recipients in the public mental health system, including fringe benefits  
 32 offered to those employees;

33 (2) employees that provide supervisory, billing, personnel, and other  
 34 supports to direct care staff, including fringe benefits offered to those employees;

35 (3) the regular operating expenses of providing services, including the  
 36 costs of rent, utilities, and upkeep;

1           (4)     interest payments made by the provider to finance operations during  
2 the time between delivery of services and receipt of payment for those services;

3           (5)     future capital needs, including information technology development;

4           (6)     requirements specified in regulation or processes required by the  
5 managed care system for which providers may not receive reimbursement under the  
6 fee-for-service system;

7           (7)     annual medical inflation; and

8           (8)     other costs as may be identified by the Community Services  
9 Reimbursement Rate Commission.

10       (b)     On or before September 1 of each year, the Department shall submit a  
11 report to the Governor, the Senate Finance Committee, the Senate Budget and  
12 Taxation Committee, the House Environmental Matters Committee, and the House  
13 Appropriations Committee on:

14           (1)     its progress in complying with subsection (a) of this section;

15           (2)     an analysis of the estimated costs of implementing the  
16 fee-for-service reimbursement rate system proposed under subsection (a) of this  
17 section;

18           (3)     any proposed changes to the fee-for-service reimbursement rates for  
19 the public mental health system; and

20           (4)     the schedule for implementing any proposed changes.

21       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
22 effect July 1, 2002.