Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 909   (Delegate Dewberry, *et al.*)

Environmental Matters

Hospitals - Certificate of Need - Open Heart Surgery

This bill requires the Maryland Health Care Commission (MHCC) to grant a certificate of need (CON) for open heart surgery to a hospital that: (1) files an application; (2) has participated in a cardiovascular patient outcomes research trial; (3) has diagnosed or treated at least 600 patients within the preceding 12 months who have received interventional cardiac procedures or have been transported or referred from the hospital to hospitals with open heart surgery programs for interventional cardiac procedures; and (4) demonstrates clinical and resource capacity for an open heart surgery program.

The bill also directs the MHCC to adopt regulations to carry out the provisions of the bill, including establishing the application process for hospitals.

Fiscal Summary

State Effect: The adoption of regulations could be handled by MHCC with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A CON is the primary method for implementing the State Health Plan and is generally required for capital expenditures, additions, or modifications to existing

facilities or services, and new services. The basis for approval of a CON is need, as determined in the State Health Plan.

All hospitals in Maryland must be licensed by the Department of Health and Metal Hygiene. To qualify for licensure, a hospital must have a CON. Hospitals that are accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) are deemed to have met the State's standards for licensure.

Background: The CON process, employed in most states, is a cost-containment regulatory method that began in the early 1970s. CONs prohibit capital expenditures by hospitals and other health care institutions unless a governmental agency finds a need for the new health care services to be offered. Beginning in the 1980s, some states eliminated the CON programs, while others modified the programs and continue to use them in combination with other regulatory programs. Overall, 27 states and the District of Columbia regulate cardiovascular services through a CON process.

In its January 2001 report, *An Analysis and Evaluation of Certificate of Need Regulation in Maryland: Phase I, Final Report to the General Assembly*, MHCC recommended that Maryland maintain existing CON regulation for cardiac surgery services citing that the CON program protects against the establishment of cardiac surgery programs with low volumes and ensures that highly specialized resources and personnel are allocated to appropriately meet community needs.

In 1999, hospitals in Maryland and Washington, D.C. performed 9,076 adult open-heart surgery cases and 13,365 percutaneous transluminal coronary angioplasty cases. Eight Maryland hospitals (Johns Hopkins, Peninsula Regional, Prince George's, St. Joseph, Sinai, Union Memorial, University of Maryland, and Washington Adventist) currently provide open-heart surgery and therapeutic catheterization services. A CON to develop a ninth program at Sacred Heart Hospital was awarded in September 1999.

Six additional Maryland hospitals with cardiac catheterization laboratories (Holy Cross, Memorial of Easton, Hopkins Bayview, St. Agnes Hospital, Shady Grove, and Suburban) provide primary angioplasty services as participants in the registry of the Atlantic Cardiovascular Patient Outcomes Research Team (C-PORT) study. In 2001, MHCC determined that an additional program may be warranted in the Washington, D.C. metropolitan area.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 1, 2002
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