

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE

Senate Bill 471 (Senator Harris, *et al.*)
 Education, Health, and Environmental Affairs

Freestanding Ambulatory Care Facilities - Licensing - Abortion Services

This bill expands the definition of “ambulatory surgical facility” to include any facility that provides abortions through the use of surgical services.

Fiscal Summary

State Effect: Department of Health and Mental Hygiene (DHMH) general fund expenditures could increase by \$287,100 in FY 2005. General fund revenues from licensure fees could increase by \$176,400 in FY 2005. Future year estimates reflect annualization, inflation, and the triennial licensure cycle.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenue	\$176,400	\$0	\$0	\$176,400	\$0
GF Expenditure	287,100	352,000	371,200	391,700	413,700
Net Effect	(\$110,700)	(\$352,000)	(\$371,200)	(\$215,300)	(\$413,700)

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

Local Effect: None.

Small Business Effect: Meaningful. Small business physicians that qualify as ambulatory surgical centers would be subject to licensure and regulation by DHMH.

Analysis

Bill Summary: The bill expands the definition of “surgical services” to include the use of any cutting instrument, including a uterine curette or a manual vacuum aspirator curette.

Current Law: An ambulatory surgical facility is any place that operates primarily for the purpose of providing surgical services to patients requiring a period of postoperative observation but not requiring overnight hospitalization and that seeks reimbursement from payors as an ambulatory surgery center. Ambulatory surgical facilities are regulated by DHMH's Office of Health Care Quality (OHCQ).

Background: After remaining fairly steady for most of the 1980s, the number of abortions in the U.S. declined from a high of 1.61 million in 1990 to 1.31 million in 2000. For women ages 15 – 44, the abortion rate declined from its highest rate (29.3 per 1,000 women) in 1981 to 21.3 per 1,000 women in 2000. Six states that account for 40% of women ages 15 – 44 (California, Florida, Illinois, New Jersey, New York, and Texas) accounted for 55% of all abortions in 2000. In Maryland, however, the abortion rate has increased, from 26.2 abortions per 1,000 women in 1996 to 29.0 abortions per 1,000 women in 2000. There were 34,560 abortions performed in Maryland in 2000. Approximately 20% of all abortions performed in the U.S. are provided to women younger than 20.

There are two common surgical procedures used to perform abortions. About 96% of all abortions involve a vacuum curettage, which involves scraping out the contents of the uterus and vacuuming out any remaining material with a manual vacuum aspirator curette. This procedure is generally used in the first trimester. The other procedure is dilation and curettage, which involves scraping fetal tissue from the uterine walls with a uterine curette. No suction is used. This procedure is generally more risky than vacuum curettage and can cause perforation of the uterine walls, hemorrhaging, and infection.

State Fiscal Effect: DHMH general fund expenditures could increase by an estimated \$287,074 in fiscal 2005, which accounts for the bill's October 1, 2004 effective date. This estimate reflects the cost of hiring five health facility surveyor nurses and one secretary to conduct inspections and license new ambulatory surgical centers. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- abortions may be performed by any licensed physician, regardless of medical setting, and may be performed at a hospital, physician's office, or ambulatory surgical center;
- there are about 15,321 licensed physicians practicing in the State;
- of these, there are 672 OB/GYNs, 835 general family practitioners, and 3,509 general internists that are the most likely types of physicians to be affected by the licensure requirements;

- about 0.5% or 252 practitioners may perform abortions in the State; and
- five health facility surveyor nurses conduct initial inspections and licensure of up to 252 facilities, ongoing biennial inspections, and complaints investigations.

Salaries and Fringe Benefits	\$231,816
Operating Expenses	<u>55,258</u>
Total FY 2005 State Expenditures	\$287,074

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

DHMH general fund revenues could increase by as much as \$176,400 in fiscal 2005 from the \$700 licensure fee imposed on ambulatory surgical centers. Future year estimates assume the number of facilities remains constant and reflects the triennial licensure process.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): *Abortion Incidence and Services in the United States in 2000 (2003)*, Perspectives on Sexual and Reproductive Health; Department of Health and Mental Hygiene (Family Health Administration, Office of Health Care Quality, Medicaid), Department of Legislative Services

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