

Department of Legislative Services  
 Maryland General Assembly  
 2005 Session

FISCAL AND POLICY NOTE

Senate Bill 355  
 Finance

(Senator Stone, *et al.*) (By Request)

Hospital Infections Disclosure Act

This bill requires the Department of Health and Mental Hygiene (DHMH) to collect data on hospital-acquired infections from each hospital in the State. DHMH must establish the format, timing, and process in which it collects data, including: (1) surgical site infections; (2) ventilator-associated pneumonia; (3) central line-related bloodstream infections; and (4) urinary tract infections. DHMH must establish procedures to ensure complete confidentiality of records. An annual report summarizing the hospital-acquired infection data must be published beginning December 1, 2006. DHMH must establish an advisory committee to advise the Secretary on matters relating to the implementation of data collection and reporting. Collection and submission of this data to DHMH is a condition of licensure. Failure to do so could result in delicensure of the hospital or subject the hospital to a fine of up to \$1,000 per day per violation.

Fiscal Summary

**State Effect:** The Maryland Health Care Commission (MHCC) special fund expenditures and revenues could each increase by \$531,900 in FY 2006, which includes a one-time cost of \$450,000 for contractual services. Future year estimates reflect annualization and inflation.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
SF Revenue	\$531,900	\$98,400	\$104,500	\$110,900	\$117,900
SF Expenditure	531,900	98,400	104,500	110,900	117,900
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:** None.

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## **Analysis**

**Current Law:** MHCC must maintain a medical care database to compile statewide data on health services rendered by health care practitioners and office facilities including diagnosis, procedure, location, and the charge for the procedure. MHCC must publish a report by October 1 annually on the health care data. MHCC also develops and publishes annual report cards (performance evaluations) on HMOs, hospitals, and nursing homes.

**Background:** MHCC is in the process of implementing a health care associated infection plan, using a phased-in approach. The first phase of the plan includes collecting infection prevention measures from hospitals beginning April 1, 2005. The second phase includes working with the Maryland Patient Safety Center (MPSC) to collect central-line catheter associated blood stream infections and ventilator-associated pneumonia rates. MPSC will bear most of the costs associated with developing, researching, and testing the data collection specifications. MHCC will use the program developed by MPSC and bear the expense of collecting the data for these two measures. MHCC expects to release these results publicly in late 2006 or early 2007. The last phase of the plan includes expanding the measures that will be reported by mid-2007, using a system currently under development by the Centers for Disease Control and Prevention (CDC). CDC will bear the cost associated with developing the system. MHCC will develop a scaled-down version for hospitals that do not use the CDC system.

**State Fiscal Effect:** MHCC special fund expenditures could increase by an estimated \$531,874 in fiscal 2006, which accounts for a 90-day start-up delay. This estimate reflects a one-time cost of \$450,000 to hire a contractor to assist in developing a database to collect hospital-acquired infection information from all hospitals in the State. While MHCC is developing an infection plan that includes many of the elements required by the bill, the bill also requires additional data collection and requires public dissemination of the data by December 1, 2006, which is earlier than MHCC's timeline. Therefore, MHCC must develop and implement a data collection system in-house on an expedited basis.

The contractor would assist in providing supporting hardware and software for data collection, developing standard data definitions, creating data reporting requirements, developing appropriate risk adjustment techniques, creating computer edits to ensure clean data, and providing training, testing, and validation of design.

It also includes the cost of hiring one analyst and one half-time epidemiologist to adopt regulations, establish and administer the reporting process, and working with a contractor

to conduct analysis, establish survey techniques, investigate complaints, enforce penalties, and provide information to hospitals and the public. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$68,811
Contractor	450,000
Other Operating Expenses	<u>13,063</u>
<b>Total FY 2006 State Expenditures</b>	<b>\$531,874</b>

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.

MHCC special fund revenues could increase by \$531,874 in fiscal 2006. MHCC is specially funded through fees imposed on payors and providers. As a result of the increase in expenditures, MHCC would raise provider fees by an amount to exactly offset the increase in expenditures. Future year estimates reflect inflation.

The penalty provisions of the bill are not expected to significantly affect State finances or operations.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene (Health Services Cost Review Commission, Office of Health Care Quality, Maryland Health Care Commission), Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2005  
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Analysis by: Susan D. John

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510