

**Department of Legislative Services**  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**

Senate Bill 607

(Senators Astle and Jimeno)

Finance

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**Health Care Facilities - Certificate of Need - Obstetric Medical Services**

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This bill removes obstetrics from the list of medical services provided in a health care facility that requires a certificate of need (CON) to be built, developed, or established.

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**Fiscal Summary**

**State Effect:** None. Removing obstetrics from the CON process would have no impact on the Maryland Health Care Commission (MHCC).

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** MHCC must issue a CON before a health care facility may be built, developed, or established. A CON is also required for any capital expenditure to add a new medical service in a health care facility. A health care service includes a medical service such as: (1) medicine, surgery, gynecology, addictions; (2) obstetrics; (3) pediatrics; (4) psychiatry; (5) rehabilitation; (6) chronic care; (7) comprehensive care; (8) extended care; (9) intermediate care; or (10) residential treatment.

**Background:** In 2004, North Arundel Hospital applied for an exemption from the CON process so as to build an obstetrics unit without a CON. The hospital withdrew its application in May after MHCC staff recommended the exemption should be denied, citing a potentially adverse impact on Harbor Hospital's obstetrics services in southern

Baltimore City. The May report indicated that Harbor Hospital's services could be reduced by more than 20% if North Arundel were permitted to provide obstetrics services. Since the exemption would likely have been denied by the commission, North Arundel recently submitted a CON application to build a five- or six-story building that would house an obstetrics unit, 68 new beds, and some other health facilities. The hospital also submitted an application that does not include obstetrics facilities so that planning for the new building could move forward if the obstetrics unit is denied. MHCC is expected to make a decision on North Arundel's applications by summer 2005.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 738 (Anne Arundel County Delegation) – Health and Government Operations.

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

**Fiscal Note History:** First Reader - February 18, 2005  
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