
By: **Chair, Health and Government Operations Committee (By Request -
Departmental - Health and Mental Hygiene)**

Introduced and read first time: February 24, 2006

Assigned to: Rules and Executive Nominations

Re-referred to: Health and Government Operations, February 27, 2006

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 22, 2006

CHAPTER _____

1 AN ACT concerning

2 **Maryland Health Care Commission and Health Services Cost Review**
3 **Commission - ~~User Fees~~ Administrative Costs**

4 FOR the purpose of altering the method for computing the administrative costs to be
5 paid to the Department of Health and Mental Hygiene by the Maryland Health
6 Care Commission and the Health Services Cost Review Commission; ~~altering~~
7 ~~the maximum amount of user fees the Maryland Health Care Commission may~~
8 ~~assess; altering the maximum amount of user fees the Health Services Cost~~
9 ~~Review Commission may assess~~; repealing certain obsolete provisions of law;
10 and generally relating to the Maryland Health Care Commission and the Health
11 Services Cost Review Commission.

12 BY repealing and reenacting, with amendments,
13 Article - Health - General
14 Section 19-110(b), 19-111(c), 19-208(b), and 19-213(c)
15 Annotated Code of Maryland
16 (2005 Replacement Volume and 2005 Supplement)

17 BY repealing and reenacting, without amendments,
18 Article - Health - General
19 Section 19-111(a) and (b) and 19-213(a) and (b)
20 Annotated Code of Maryland
21 (2005 Replacement Volume and 2005 Supplement)

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

3 **Article - Health - General**

4 19-110.

5 (b) The power of the Secretary to transfer, by rule, regulation, or written
6 directive, any staff, functions, or funds of units in the Department does not apply to
7 any staff, function, or funds of the Commission. [For each of fiscal years 2005 and
8 2006, the] FOR FISCAL YEAR 2007, THE Secretary may assess an administrative
9 charge, consistent with the indirect cost charge assessed to federal grants, to fund
10 services provided to the Commission by the Executive Branch.

11 19-111.

12 (a) (1) In this section the following words have the meanings indicated.

13 (2) "Fund" means the Maryland Health Care Commission Fund.

14 (3) "Health benefit plan" has the meaning stated in § 15-201 of the
15 Insurance Article.

16 (4) "Health care practitioner" means any individual who is licensed,
17 certified, or otherwise authorized under the Health Occupations Article to provide
18 health care services.

19 (5) "Nursing home" means a related institution that is classified as a
20 nursing home.

21 (6) "Payor" means:

22 (i) A health insurer or nonprofit health service plan that holds a
23 certificate of authority and provides health insurance policies or contracts in the
24 State in accordance with this article or the Insurance Article; or

25 (ii) A health maintenance organization that holds a certificate of
26 authority in the State.

27 (b) Subject to the provisions of subsection (d) of this section, the Commission
28 shall assess a fee on:

29 (1) All hospitals;

30 (2) All nursing homes;

31 (3) All payors; and

32 (4) All health care practitioners.

1 (c) (1) [(i) For each of fiscal years 2005 and 2006, the total fees assessed
2 by the Commission may not exceed \$11,200,000.

3 (ii) For fiscal year 2007 and each fiscal year thereafter, the] THE
4 total fees assessed by the Commission may not exceed ~~[\$10,000,000]~~ \$12,000,000.

5 (2) The fees assessed by the Commission shall be used exclusively to
6 cover the actual documented direct costs of fulfilling the statutory and regulatory
7 duties of the Commission in accordance with the provisions of this subtitle. [For each
8 of fiscal years 2005 and 2006, the] FOR FISCAL YEAR 2007, THE costs of the
9 Commission include the administrative costs incurred by the Department on behalf of
10 the Commission. The amount to be paid by the Commission to the Department for
11 administrative costs [will be calculated in the same manner as indirect costs for
12 federal grants], NOT TO EXCEED 18% OF THE SALARIES OF THE COMMISSION, SHALL
13 BE BASED ON INDIRECT COSTS OR SERVICES BENEFITING THE COMMISSION, less
14 overhead costs paid directly by the Commission.

15 (3) The Commission shall pay all funds collected from the fees assessed
16 in accordance with this section into the Fund.

17 (4) The fees assessed may be expended only for purposes authorized by
18 the provisions of this subtitle.

19 (5) The amount in paragraph (1) of this subsection limits only the total
20 fees the Commission may assess in a fiscal year.

21 19-208.

22 (b) The power of the Secretary to transfer by rule, regulation, or written
23 directive, any staff, functions, or funds of units in the Department does not apply to
24 any staff, function, or funds of the Commission. [For each of fiscal years 2005 and
25 2006, the Secretary may assess an administrative charge, consistent with the indirect
26 cost charge assessed to federal grants, to fund services provided to the Commission by
27 the Executive Branch.] THE AMOUNT TO BE PAID BY THE COMMISSION TO THE
28 DEPARTMENT FOR ADMINISTRATIVE COSTS, NOT TO EXCEED 18% OF THE SALARIES
29 OF THE COMMISSION, SHALL BE BASED ON INDIRECT COSTS OR SERVICES
30 BENEFITING THE COMMISSION, LESS OVERHEAD COSTS PAID DIRECTLY BY THE
31 COMMISSION.

32 19-213.

33 (a) (1) In this section the following words have the meanings indicated.

34 (2) "Facilities" means hospitals and related institutions whose rates
35 have been approved by the Commission.

36 (b) The Commission shall assess and collect user fees on facilities as defined
37 in this section.

1 (c) (1) [(i) For each of fiscal years 2005 and 2006, the total user fees
2 assessed by the Commission may not exceed \$4,500,000.

3 (ii) For fiscal year 2007 and each fiscal year thereafter, the] THE
4 total fees assessed by the Commission may not exceed ~~4,000,000~~ \$5,000,000.

5 (2) The total user fees assessed by the Commission may not exceed the
6 Special Fund appropriation for the Commission by more than 20%.

7 (3) The user fees assessed by the Commission shall be used exclusively
8 to cover the actual documented direct costs of fulfilling the statutory and regulatory
9 duties of the Commission in accordance with the provisions of this subtitle.

10 (4) The Commission shall pay all funds collected from fees assessed in
11 accordance with this section into the Health Services Cost Review Commission Fund.

12 (5) The user fees assessed by the Commission may be expended only for
13 purposes authorized by the provisions of this subtitle.

14 (6) The percentage amount by which total user fees assessed by the
15 Commission under this section are increased from one fiscal year to the next may not
16 exceed the percentage amount by which the annual update factor applicable to all
17 Maryland general acute care hospitals is increased for the same fiscal year.

18 (7) The amount specified in paragraph (1) of this subsection limits only
19 the total user fees the Commission may assess in a fiscal year.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
21 effect July 1, 2006.