

SENATE BILL 719

J3

71r0427

By: **Chair, Finance Committee**

Introduced and read first time: February 7, 2007

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Health Services Cost Review Commission – Sunset Extension and Program**
3 **Evaluation**

4 FOR the purpose of requiring the Health Services Cost Review Commission to include
5 certain items in its annual report to the Governor and the General Assembly;
6 authorizing the Secretary of Health and Mental Hygiene to assess a certain
7 administrative charge; authorizing the Commission to use money from certain
8 user fees to pay certain administrative costs; increasing the total amount of
9 user fees that the Commission may assess; requiring the Board of the Maryland
10 Health Insurance Plan to submit a certain report on or before a certain date
11 each year; requiring that an evaluation under the Maryland Program
12 Evaluation Act of the State Health Services Cost Review Commission be
13 prepared on or before a certain date; requiring the Department of Health and
14 Mental Hygiene, in consultation with the Commission, to conduct a certain
15 assessment of Medicaid hospital day limits and report on its findings to certain
16 committees of the General Assembly on or before a certain date; requiring the
17 Commission, in consultation with the Maryland Hospital Association, to study
18 certain alternatives to the annual update factor as a restriction on the budget of
19 the Commission and report on its findings to certain committees of the General
20 Assembly on or before a certain date; requiring the Commission to submit
21 certain reports to certain committees of the General Assembly on or before
22 certain dates; requiring the Commission, the Maryland Health Care
23 Commission, and the Community Health Resources Commission to study
24 certain items and report on their findings to certain committees of the General
25 Assembly on or before a certain date; and generally relating to the Health
26 Services Cost Review Commission and hospital financing.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Article – Health – General
3 Section 19–207(b)(6), 19–208(b), and 19–213(c)(1) and (3) and (d)(8)
4 Annotated Code of Maryland
5 (2005 Replacement Volume and 2006 Supplement)

6 BY repealing and reenacting, without amendments,
7 Article – Health – General
8 Section 19–213(d)(1)
9 Annotated Code of Maryland
10 (2005 Replacement Volume and 2006 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article – Insurance
13 Section 14–503(l)
14 Annotated Code of Maryland
15 (2006 Replacement Volume and 2006 Supplement)

16 BY repealing and reenacting, without amendments,
17 Article – State Government
18 Section 8–403(a)
19 Annotated Code of Maryland
20 (2004 Replacement Volume and 2006 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article – State Government
23 Section 8–403(b)(28)
24 Annotated Code of Maryland
25 (2004 Replacement Volume and 2006 Supplement)

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

28 **Article – Health – General**

29 19–207.

30 (b) In addition to the duties set forth elsewhere in this subtitle, the
31 Commission shall:

1 (6) On or before October 1 of each year, submit to the Governor, to the
2 Secretary, and, subject to § 2–1246 of the State Government Article, to the General
3 Assembly an annual report on the operations and activities of the Commission during
4 the preceding fiscal year, including:

5 (i) A copy of each summary, compilation, and supplementary
6 report required by this subtitle; [and]

7 (ii) **AN UPDATE ON THE STATUS OF THE STATE’S MEDICARE**
8 **WAIVER;**

9 (iii) **BUDGET INFORMATION REGARDING THE HEALTH**
10 **SERVICES COST REVIEW COMMISSION FUND, INCLUDING:**

11 1. **ANY BALANCE REMAINING IN THE FUND AT THE**
12 **END OF THE PREVIOUS FISCAL YEAR; AND**

13 2. **THE PERCENTAGE OF THE TOTAL ANNUAL COSTS**
14 **OF THE COMMISSION THAT IS REPRESENTED BY THE BALANCE REMAINING IN**
15 **THE FUND AT THE END OF THE PREVIOUS FISCAL YEAR;**

16 (iv) **A SUMMARY OF THE COMMISSION’S ROLE IN HOSPITAL**
17 **QUALITY OF CARE ACTIVITIES, INCLUDING INFORMATION ABOUT THE STATUS**
18 **OF ANY PAY FOR PERFORMANCE INITIATIVES; AND**

19 [(ii)] (v) Any other fact, suggestion, or policy recommendation
20 that the Commission considers necessary;

21 19–208.

22 (b) (1) The power of the Secretary to transfer by rule, regulation, or
23 written directive, any staff, functions, or funds of units in the Department does not
24 apply to any staff, function, or funds of the Commission.

25 (2) **THE SECRETARY MAY ASSESS AN ADMINISTRATIVE CHARGE**
26 **ON THE COMMISSION TO FUND SERVICES PROVIDED TO THE COMMISSION BY**
27 **THE DEPARTMENT.**

28 (3) The amount to be paid by the Commission to the Department for
29 administrative costs, not to exceed 18% of the salaries of the Commission, shall be

1 based on indirect costs or services benefiting the Commission, less overhead costs paid
2 directly by the Commission.

3 19–213.

4 (c) (1) The total fees assessed by the Commission may not exceed
5 ~~[\$4,000,000]~~ **\$5,500,000**.

6 (3) The user fees assessed by the Commission shall be used exclusively
7 to cover the actual documented direct costs of fulfilling the statutory and regulatory
8 duties of the Commission in accordance with the provisions of this subtitle **AND ANY**
9 **ADMINISTRATIVE COSTS FOR SERVICES TO THE COMMISSION PROVIDED BY THE**
10 **DEPARTMENT**.

11 (d) (1) There is a Health Services Cost Review Commission Fund.

12 (8) The Fund shall be used only to provide funding for the Commission
13 and for the purposes authorized under this subtitle. [For each of fiscal years 2005 and
14 2006, the] **THE** costs of the Commission include the administrative costs incurred by
15 the Department on behalf of the Commission. [The amount to be paid by the
16 Commission to the Department for administrative costs will be calculated in the same
17 manner as indirect costs for federal grants, less overhead costs paid directly by the
18 Commission.]

19 **Article – Insurance**

20 14–503.

21 (1) (1) **THE BOARD SHALL REPORT ON OR BEFORE DECEMBER 1 OF**
22 **EACH YEAR TO THE GOVERNOR AND, SUBJECT TO § 2–1246 OF THE STATE**
23 **GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON:**

24 (I) **THE NUMBER OF MEMBERS ENROLLED IN THE PLAN;**

25 (II) **ANY INCREASE OR DECREASE IN THE NUMBER OF**
26 **MEMBERS ENROLLED IN THE PLAN FROM THE PREVIOUS YEAR;**

27 (III) **ANY ACTIONS TAKEN BY THE BOARD TO INCREASE**
28 **ENROLLMENT OR BENEFITS OFFERED THROUGH THE PLAN; AND**

1 SECTION 3. AND BE IT FURTHER ENACTED, That the Health Services Cost
2 Review Commission, in consultation with the Maryland Hospital Association, shall:

3 (1) study alternatives to the annual update factor as restrictions on
4 increases in the Commission's budget that would:

5 (i) ensure that Commission user-fee increases are reasonable;
6 and

7 (ii) allow adequate budget growth for the Commission; and

8 (2) report on recommended alternatives, on or before November 1,
9 2007, to the Senate Finance Committee, and the House Health and Government
10 Operations Committee, in accordance with § 2-1246 of the State Government Article.

11 SECTION 4. AND BE IT FURTHER ENACTED, That the Health Services Cost
12 Review Commission shall report to the Senate Finance Committee, and the House
13 Health and Government Operations Committee, on or before November 1, 2007, in
14 accordance with § 2-1246 of the State Government Article, on the implementation of
15 the plan of the Commission to spend down the balance in the Commission Fund to ten
16 percent of total annual costs by the end of fiscal 2007.

17 SECTION 5. AND BE IT FURTHER ENACTED, That the Health Services Cost
18 Review Commission, the Maryland Health Care Commission, and the Community
19 Health Resources Commission shall:

20 (1) determine how to clarify the appropriate role for each commission
21 in assessing the underlying causes of uncompensated care and making
22 recommendations to the General Assembly on how to address uncompensated care;
23 and

24 (2) report on their determinations to the Senate Finance Committee
25 and the House Health and Government Operations Committee on or before December
26 1, 2007, in accordance with § 2-1246 of the State Government Article.

27 SECTION 6. AND BE IT FURTHER ENACTED, That the Health Services Cost
28 Review Commission shall report to the Senate Finance Committee and the House
29 Health and Government Operations Committee on or before October 1, 2008, in
30 accordance with § 2-1246 of the State Government Article, on the implementation of
31 the nonstatutory recommendations of the Department of Legislative Services
32 contained in the sunset evaluation report dated October 2006.

1 SECTION 7. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2007.