

# CHAPTER 628

**(House Bill 844)**

AN ACT concerning

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

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

BY repealing and reenacting, with amendments,

Article – Health – General

Section 19–207(b)(6), 19–208(b), and 19–213(c)(1) and (3) and (d)(8)

Annotated Code of Maryland

(2005 Replacement Volume and 2006 Supplement)

BY repealing and reenacting, without amendments,

Article – Health – General

Section 19–213(d)(1)  
Annotated Code of Maryland  
(2005 Replacement Volume and 2006 Supplement)

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

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

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

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

**Article – Health – General**

19–207.

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

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

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

**(II) AN UPDATE ON THE STATUS OF THE STATE'S MEDICARE WAIVER;**

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

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

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

**(IV) A SUMMARY OF THE COMMISSION'S ROLE IN HOSPITAL QUALITY OF CARE ACTIVITIES, INCLUDING INFORMATION ABOUT THE STATUS OF ANY PAY FOR PERFORMANCE INITIATIVES; AND**

**[(ii)] (V) Any other fact, suggestion, or policy recommendation that the Commission considers necessary;**

19-208.

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

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

**(3) The amount to be paid by the Commission to the Department for administrative costs, not to exceed 18% of the salaries of the Commission, shall be based on indirect costs or services benefiting the Commission, less overhead costs paid directly by the Commission.**

19-213.

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

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

**ADMINISTRATIVE COSTS FOR SERVICES TO THE COMMISSION PROVIDED BY THE DEPARTMENT.**

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

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

**Article – Insurance**

14-503.

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

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

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

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

**(IV) THE AMOUNT OF ANY SURPLUS IN THE FUND AT THE END OF THE PREVIOUS FISCAL YEAR.**

(2) For those members enrolled in the Plan whose eligibility in the Plan is subject to the requirements of the federal tax credit for health insurance costs under Section 35 of the Internal Revenue Code, the Board shall report on or before December 1, 2003, and annually thereafter, to the Governor, and subject to § 2-1246 of the State Government Article, to the General Assembly on the number of members enrolled in the Plan and the costs to the Plan associated with providing insurance to those members.

**Article – State Government**

8-403.

(a) On or before December 15 of the 2nd year before the evaluation date of a governmental activity or unit, the Legislative Policy Committee, based on a preliminary evaluation, may waive as unnecessary the evaluation required under this section.

(b) Except as otherwise provided in subsection (a) of this section, on or before the evaluation date for the following governmental activities or units, an evaluation shall be made of the following governmental activities or units and the statutes and regulations that relate to the governmental activities or units:

(28) Health Services Cost Review Commission, State (§ 19-202 of the Health – General Article: July 1, [2007] 2017);

**SECTION 2. AND BE IT FURTHER ENACTED**, That the Department of Health and Mental Hygiene, in consultation with the Health Services Cost Review Commission, shall:

(1) assess the impact of Medicaid day limits on Medicaid enrollees by reviewing data on average length of stay, readmissions, and discharge patterns for Medicaid hospital patients in the State between January 1, 2004, and June 30, 2007; and

(2) report on the Department's findings, on or before October 1, 2008, to the Senate Finance Committee, and the House Health and Government Operations Committee, in accordance with § 2-1246 of the State Government Article.

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

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

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

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

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

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

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

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

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

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

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

**Approved by the Governor, May 17, 2007.**