

SENATE BILL 974

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CF HB 1587

By: **Senator Middleton**

Introduced and read first time: March 3, 2008

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Health Services Cost Review Commission – Averted Uncompensated Care –**
3 **Assessment**

4 FOR the purpose of authorizing the Health Services Cost Review Commission to
5 assess a certain amount in hospital rates to reflect a certain reduction in
6 hospital uncompensated care and to operate and administer the Maryland
7 Health Insurance Plan; for the portion of the assessment related to a certain
8 expansion of health care coverage, requiring the Commission to ensure that the
9 assessment amount not exceed certain savings and requiring each hospital to
10 remit its assessment amount to the Health Care Coverage Fund; requiring any
11 savings not subject to the assessment to be shared among certain purchasers;
12 for the portion of the assessment related to the Maryland Health Insurance
13 Plan, requiring the Commission to ensure the assessment is revenue neutral to
14 each hospital and not considered in making certain determinations; requiring
15 each hospital to remit certain amounts to the Maryland Health Insurance Plan
16 Fund at certain intervals; prohibiting a certain assessment from exceeding a
17 certain percentage of certain hospital revenue; repealing requirements for the
18 Commission to determine certain savings and assess a certain amount in
19 hospital rates; repealing certain requirements related to an assessment on
20 hospitals for the operation and administration of the Maryland Health
21 Insurance Plan; establishing the intent of the General Assembly with regard to
22 Medicaid day limits on hospital services; requiring that funds generated from
23 the assessment under this Act be used only for certain purposes; requiring this
24 Act to be abrogated under certain circumstances; altering a certain statutory
25 reference; and generally relating to a Health Services Cost Review Commission
26 assessment on hospitals.

27 BY repealing

28 Article – Health – General

29 Section 19–214(d)

30 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2005 Replacement Volume and 2007 Supplement)
2 (As enacted by Chapter 7 of the Acts of the General Assembly of the 2007
3 Special Session)

4 BY adding to
5 Article – Health – General
6 Section 19–214(d)
7 Annotated Code of Maryland
8 (2005 Replacement Volume and 2007 Supplement)
9 (As enacted by Chapter 7 of the Acts of the General Assembly of the 2007
10 Special Session)

11 BY repealing
12 Article – Health – General
13 Section 19–219(d) and (e)
14 Annotated Code of Maryland
15 (2005 Replacement Volume and 2007 Supplement)

16 BY repealing and reenacting, without amendments,
17 Article – Insurance
18 Section 14–504(a)(1)
19 Annotated Code of Maryland
20 (2006 Replacement Volume and 2007 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article – Insurance
23 Section 14–504(b)
24 Annotated Code of Maryland
25 (2006 Replacement Volume and 2007 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 19–214.

30 [(d) (1) On or after July 1, 2009, if the expansion of health care coverage
31 under Chapter 7 of the Acts of the General Assembly of the 2007 Special Session
32 reduces hospital uncompensated care, the Commission:

33 (i) Shall determine the savings realized in averted
34 uncompensated care for each hospital individually; and

35 (ii) May assess an amount in each hospital's rates equal to a
36 portion of the savings realized in averted uncompensated care for that hospital.

1 (2) The Commission shall ensure that any savings realized in averted
2 uncompensated care not subject to the assessment under paragraph (1) of this
3 subsection be shared among purchasers of hospital services in a manner that the
4 Commission determines is most equitable.

5 (3) Each hospital shall remit any assessment under this subsection to
6 the Health Care Coverage Fund established under § 15-701 of this article.]

7 **(D) (1) THE COMMISSION MAY ASSESS A UNIFORM, BROAD-BASED,
8 AND REASONABLE AMOUNT IN HOSPITAL RATES TO:**

9 **(I) REFLECT THE AGGREGATE REDUCTION IN HOSPITAL
10 UNCOMPENSATED CARE REALIZED FROM THE EXPANSION OF HEALTH CARE
11 COVERAGE UNDER CHAPTER 7 OF THE ACTS OF THE 2007 SPECIAL SESSION OF
12 THE GENERAL ASSEMBLY; AND**

13 **(II) OPERATE AND ADMINISTER THE MARYLAND HEALTH
14 INSURANCE PLAN ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THE
15 INSURANCE ARTICLE.**

16 **(2) (I) FOR THE PORTION OF THE ASSESSMENT UNDER
17 PARAGRAPH (1)(I) OF THIS SUBSECTION:**

18 **1. THE COMMISSION SHALL ENSURE THAT THE
19 ASSESSMENT AMOUNT DOES NOT EXCEED THE SAVINGS REALIZED IN AVERTED
20 HOSPITAL UNCOMPENSATED CARE FROM THE HEALTH CARE COVERAGE
21 EXPANSION; AND**

22 **2. EACH HOSPITAL SHALL REMIT ITS ASSESSMENT
23 AMOUNT TO THE HEALTH CARE COVERAGE FUND ESTABLISHED UNDER §
24 15-701 OF THIS ARTICLE.**

25 **(II) ANY SAVINGS REALIZED IN AVERTED UNCOMPENSATED
26 CARE AS A RESULT OF THE EXPANSION OF HEALTH CARE COVERAGE UNDER
27 CHAPTER 7 OF THE ACTS OF THE 2007 SPECIAL SESSION OF THE GENERAL
28 ASSEMBLY THAT ARE NOT SUBJECT TO THE ASSESSMENT UNDER PARAGRAPH
29 (1)(I) OF THIS SUBSECTION SHALL BE SHARED AMONG PURCHASERS OF
30 HOSPITAL SERVICES IN A MANNER THAT THE COMMISSION DETERMINES IS
31 MOST EQUITABLE.**

32 **(3) FOR THE PORTION OF THE ASSESSMENT UNDER PARAGRAPH
33 (1)(II) OF THIS SUBSECTION:**

1 (I) THE COMMISSION SHALL ENSURE THAT THE
2 ASSESSMENT:

3 1. SHALL BE REVENUE NEUTRAL TO EACH
4 HOSPITAL; AND

5 2. MAY NOT BE CONSIDERED IN DETERMINING THE
6 REASONABLENESS OF RATES OR HOSPITAL FINANCIAL PERFORMANCE UNDER
7 COMMISSION METHODOLOGIES; AND

8 (II) EACH HOSPITAL SHALL REMIT MONTHLY
9 ONE-TWELFTH OF THE AMOUNT ASSESSED UNDER PARAGRAPH (1)(II) OF THIS
10 SUBSECTION TO THE MARYLAND HEALTH INSURANCE PLAN FUND
11 ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THE INSURANCE ARTICLE, FOR
12 THE PURPOSE OF OPERATING AND ADMINISTERING THE MARYLAND HEALTH
13 INSURANCE PLAN.

14 (4) THE ASSESSMENT AUTHORIZED UNDER PARAGRAPH (1) OF
15 THIS SUBSECTION MAY NOT EXCEED 3% IN THE AGGREGATE OF ANY HOSPITAL'S
16 TOTAL NET REGULATED PATIENT REVENUE.

17 19-219.

18 [(d) (1) In this subsection, "base hospital rate" means the aggregate value
19 to participating commercial health insurance carriers of the substantial, available, and
20 affordable coverage purchaser differential as determined by the Commission for the
21 calendar year 2002.

22 (2) The Commission, in accordance with this subsection, shall
23 calculate the amount of funds necessary to operate and administer the Maryland
24 Health Insurance Plan established under Title 14, Subtitle 5 of the Insurance Article.

25 (3) (i) The Commission shall determine the percentage of total net
26 patient revenue received in calendar year 2002 by all hospitals for which the
27 Commission approved hospital rates that is represented by the base hospital rate.

28 (ii) The percentage under subparagraph (i) of this paragraph
29 shall be determined by dividing the base hospital rate by the total net patient revenue
30 received in calendar year 2002 by all hospitals for which the Commission approved
31 hospital rates.

32 (4) On or before May 1 of each year, the Commission shall:

33 (i) Determine the amount of funding to allocate to the
34 Maryland Health Insurance Plan by multiplying the percentage determined under
35 paragraph (3) of this subsection by the value of the total net patient revenues received

1 in the immediately preceding State fiscal year by all hospitals for which rates were
2 approved by the Commission; and

3 (ii) Determine the share of total funding owed by each hospital
4 for which rates have been approved by the Commission proportionate to the
5 percentage of the base hospital rate attributable to each hospital.

6 (5) Each hospital shall remit monthly one-twelfth of the amount
7 determined under paragraph (4)(ii) of this subsection to the Maryland Health
8 Insurance Plan Fund.]

9 [(e) (1) The Commission shall adjust hospital rates to ensure that the
10 assessment collected under subsection (d) of this section is revenue neutral to each
11 hospital.

12 (2) The Commission may not consider the assessment required under
13 subsection (d) of this section in determining:

14 (i) The reasonableness of rates under this section; or

15 (ii) Hospital financial performance.]

16 Article – Insurance

17 14–504.

18 (a) (1) There is a Maryland Health Insurance Plan Fund.

19 (b) The Fund shall consist of:

20 (1) premiums for coverage that the Plan issues;

21 (2) except as provided in § 14–513(a) of this subtitle, premiums paid
22 by enrollees of the Senior Prescription Drug Assistance Program;

23 (3) money collected in accordance with [§ 19–219] § **19–214(D)** of the
24 Health – General Article;

25 (4) money deposited by a carrier in accordance with § 14–513 of this
26 subtitle;

27 (5) income from investments that the Board makes or authorizes on
28 behalf of the Fund;

29 (6) interest on deposits or investments of money from the Fund;

30 (7) premium tax revenue collected under § 14–107 of this title;

1 (8) money collected by the Board as a result of legal or other actions
2 taken by the Board on behalf of the Fund;

3 (9) money donated to the Fund; and

4 (10) money awarded to the Fund through grants.

5 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
6 General Assembly that the Department of Health and Mental Hygiene policy of
7 imposing Medicaid day limits on hospital services shall cease effective July 1, 2008.

8 SECTION 3. AND BE IT FURTHER ENACTED, That funds generated from the
9 assessment under this Act may be used only to:

10 (1) supplement coverage under the Medical Assistance Program
11 beyond the eligibility requirements in existence on January 1, 2008;

12 (2) provide funding for the Maryland Health Insurance Plan; and

13 (3) assist in eliminating Medicaid day limits on hospital services
14 effective July 1, 2008.

15 SECTION 4. AND BE IT FURTHER ENACTED, That if the State's Medicare
16 waiver under § 1814(b) of the federal Social Security Act terminates or the provisions
17 of 42 C.F.R. 433.68 are changed to prohibit the assessment authorized under this Act,
18 this Act shall be abrogated and of no further force and effect.

19 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 July 1, 2008.