

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 168 (Delegate Nathan-Pulliam)
 Health and Government Operations

**Hospitals and Ambulatory Surgical Facilities - Comparable Evaluation System -
 Outpatient Surgeries**

This bill specifies that the Maryland Health Care Commission’s comparable evaluation system for hospitals and ambulatory surgical facilities must include information on the rates of complications and readmissions following outpatient surgeries.

Fiscal Summary

State Effect: MHCC special fund revenues and expenditures could increase by \$169,300 in FY 2009 for personnel and contractual expenses. Future year special fund revenues and expenditures reflect annualization and inflation.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
SF Revenue	\$169,300	\$224,400	\$230,900	\$237,700	\$244,700
SF Expenditure	169,300	224,400	230,900	237,700	244,700
Net Effect	\$0	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: MHCC must maintain a medical care database to compile statewide data on health services rendered by health care practitioners and office facilities including diagnosis, procedure, location, and the charge for the procedure. MHCC must publish a

report by October 1 annually on health care data. MHCC also develops and publishes annual report cards (performance evaluations) on HMOs, hospitals, nursing homes, and ambulatory surgical facilities.

Background: In calendar 2006, there were 311 freestanding ambulatory surgery facilities (FASF) and 47 hospitals offering outpatient surgery in Maryland. A total of 959,100 outpatient surgeries were performed (54% in FASF and 46% in hospital outpatient settings). The average billed charge per outpatient surgical case was \$1,278 for FASF and \$2,441 for hospital outpatient facilities. Since 2002, the number of FASF in the State has grown by 14.8% (40 facilities), while hospitals have increased the number of operating rooms by 134.8% (310 rooms).

State Fiscal Effect: MHCC special fund expenditures could increase by \$169,251 in fiscal 2009, which accounts for the bill's October 1, 2008 effective date. MHCC would need one full-time, grade 18 health policy analyst advanced to develop complication rate measures, format data for public reporting, and work with facilities to ensure accurate and complete reporting. MHCC would also contract for the auditing of reported data (estimated at 5,000 cases per year at a rate of \$25 per record, plus administrative expenses). This estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	1
Contractual Services	\$112,500
Salary and Fringe Benefits	50,628
Other Operating Expenses	<u>6,123</u>
Total FY 2009 State Expenditures	\$169,251

Future year expenditures reflect • annualization; • a full salary with 4.4% annual increases and 3% employee turnover; and • 2% annual increases in ongoing operating expenses.

MHCC special fund revenues would also increase by \$169,251 in fiscal 2009. MHCC is special funded by user fees imposed on payors and providers.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - January 29, 2008
mll/ljm

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