

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

Senate Bill 764 (Senators Pipkin and Astle)  
Finance and Budget and Taxation

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**Reorganization of State Government - Department of Emergency Services**

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This bill reorganizes emergency services in the State by (1) establishing a new Department of Emergency Services (DES); (2) repealing the Maryland Institute for Emergency Medical Services Systems (MEIMSS) and the State Emergency Medical Services (EMS) Board and transferring their functions to DES; (3) transferring certain entities and programs to DES; and (4) establishing a State Board of Paramedics to license certain emergency medical service providers.

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**Fiscal Summary**

**State Effect:** Establishment of DES will transfer approximately 815 part-time, 813 full-time equivalent, and 7 contractual positions and \$240 million in funding from existing entities to DES. At least two new positions are created at an estimated cost of \$314,700 in FY 2010. Federal fund revenues for the Maryland Fire and Rescue Institute (MFRI) decline by approximately \$500,000 to \$800,000 in FY 2010. Other transferred entities may also lose federal or other funds, potentially increasing general fund expenditures. The transfer of the Shock Trauma Center (STC) from the University of Maryland Medical Center to DES will increase expenditures and revenues significantly. To the extent any administrative redundancies are eliminated, cost savings will be realized but cannot be reliably estimated at this time.

**Local Effect:** Local jurisdiction expenditures to provide training of fire and rescue employees and volunteers for academic credit may increase by \$2.0 million beginning in FY 2010.

**Small Business Effect:** Potential minimal.

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## Analysis

### Bill Summary:

*Department of Emergency Services:* DES is established as a principal department of the Executive Branch and the State administrative agency responsible for the coordination of all emergency services. DES includes (1) the Maryland Emergency Management Agency (MEMA); (2) the Emergency Medical Services System including emergency medical services field operations; (3) the Charles McC. Mathias, Jr., National Study Center; (4) the R Adams Cowley Shock Trauma Center; (5) a licensing program for ambulance services; (6) the State Board of Paramedics; (7) the Automated External Defibrillator (AED) Program; and (8) MFRI.

The head of DES is the Secretary of Emergency Services, who will be appointed by the Governor with the advice and consent of the Senate. DES will have staff and funds as provided in the State budget. Funding will be from the surcharge on motor vehicle registrations, general funds, and any funds from any other source (as is currently provided for MIEMSS). The bill authorizes funds from the Maryland Emergency Medical System Operations Fund (MEMSOF) to be used for DES rather than MIEMSS.

All responsibilities for carrying out the State's emergency medical services and emergency management services, including associated funding, programs, services, property, and equipment, must be transferred to DES on October 1, 2009.

*Repeal, Reenactment, and Transfer of Other Entities:* As shown in **Appendix 1**, numerous entities are repealed, reenacted, and/or transferred to establish the new DES. MIEMSS is repealed and its functions replaced by DES, including development and maintenance of an EMS plan, licensure of ambulances, and designation and regulation of trauma centers.

The EMS Board is abolished and its functions transferred to DES. Specifically, the Provider Review Panel under the EMS Board is replaced by a new State Board of Paramedics (SBP) to license and regulate emergency medical services providers. SBP must contract for confidential peer review of certain allegations regarding emergency medical services providers (as is currently required by the Board of Physicians for its licensees). The EMS Board Provider Fund is repealed and reenacted as the Board of Paramedics Fund to be used exclusively for SBP expenses.

The EMS Advisory Council is repealed and reenacted under DES to advise and assist DES. The AED Program is also repealed and reenacted under DES.

MEMA is transferred from the Military Department to DES. The Charles McC. Mathias, Jr., National Study Center (NSC) is transferred from the University of Maryland Medical School to DES. Subject to the approval of the Governor, the Secretary of Emergency Services will appoint the Director of NSC. The Secretary must receive indirect cost recoveries as stipulated in grants received by NSC.

STC is transferred to DES from the University of Maryland Medical System (UMMS). Subject to the approval of the Governor, the Secretary of Emergency Services will appoint the Director of STC.

MFRI is transferred from the University System of Maryland (University of Maryland, College Park) to DES. The director of the institute will report directly to the Secretary of Emergency Services.

*Study and Reporting Requirements:* Uncodified language requires the Secretary of Emergency Services, in collaboration with specified entities, to determine what emergency services and responsibilities are duplicated among the Governor's Office of Homeland Security, the Office of Preparedness and Response in the Department of Health and Mental Hygiene (DHMH), and DES. The Secretary, by October 1, 2010, must report suggestions on how to organize emergency services and responsibilities, including which services and responsibilities should be transferred to DES.

### **Current Law/Background:**

*Maryland Institute for Emergency Medical Services Systems:* MIEMSS is an independent agency. Funding for MIEMSS comes primarily from MEMSOF but includes a small amount of federal and reimbursable funds. The EMS Board, with the approval of the Governor, appoints an Executive Director of MIEMSS, who serves at the pleasure of the EMS Board.

MIEMSS oversees a statewide EMS system that includes over 30,000 Maryland-certified EMS providers and fosters the integration of the delivery of pre-hospital emergency care with 48 hospital emergency departments, 9 trauma centers, and the Department of State Police Medevac helicopter system that provides primary scene transports. MIEMSS also regulates commercial ground and air ambulance services that provide 166,661 inter-hospital ground and 4,700 inter-hospital air transports annually. There are currently three commercial air ambulances operating in the State that primarily provide inter-hospital transport and provide backup for the State Medevac system under a memorandum of understanding with MIEMSS.

MIEMSS was established as a State agency in 1993, but had been in existence for 20 years prior to that – first under DHMH and then the University of Maryland,

Baltimore. As structured, the EMS law established a system that encourages statewide participation and feedback through membership on the EMS Board and the EMS Advisory Council.

*State Emergency Medical Services Board:* The EMS Board governs MIEMSS. Its responsibilities include developing and adopting an EMS plan, adopting regulations for ambulance service licensing, approving EMS provider training courses, examining and certifying EMS personnel, appointing the Provider Review Panel, taking disciplinary action against EMS personnel, administering the AED Program, and with the approval of the Governor, appointing the Executive Director of MIEMSS, who serves at the pleasure of the EMS Board. The EMS Board also appoints an advisory committee, which advises and assists the EMS Board in performing its functions.

*Maryland Emergency Management Agency:* MEMA provides logistical and infrastructure support to the Office of Homeland Security. MEMA manages many of the federal grants that fund a broad range of initiatives leading to enhanced protection from and responses to the full range of natural and man-made disasters that could threaten the State's citizens. While MEMA is part of the Military Department and under the authority of the Adjutant General, during emergencies the Governor may assume direct authority over the agency. In an emergency, the Director of MEMA reports directly to the Governor. A key element of MEMA is the Maryland Joint Operations Center, operated round-the-clock by National Guard and civilian personnel. It is the first joint civilian-military watch center in any state and serves as a communications hub for emergency responders statewide.

*R Adams Cowley Shock Trauma Center:* STC is the core element of the State's emergency medical system. STC is run by UMMS, a private nonprofit corporation created by legislation in 1984 to provide governance and management over the formerly State-run University of Maryland Hospital. STC is the State's Primary Adult Resource Center and accepts statewide referrals for the treatment of head, spinal, and multiple trauma injuries.

Since the establishment of UMMS in 1984, the State has provided an operating subsidy to STC. The Governor's proposed fiscal 2010 budget includes \$3.2 million in operating support in the Maryland Health Care Commission and MIEMSS allowances. Capital support has also been provided to STC. The fiscal 2010 *Capital Improvement Program* includes \$3.5 million in capital funding for STC. Beginning in fiscal 2009, STC became eligible for uncompensated care funding from the Health Services Cost Review Commission (HSCRC) uncompensated care pool in addition to the uncompensated care funding provided in STC rates. In fiscal 2009, STC is estimated to receive \$20.7 million in uncompensated care funding from the uncompensated care pool.

*Charles McC. Mathias, Jr., National Study Center:* NSC was designated by the U.S. Congress in 1986 to serve as a focal point for research related to trauma, emergency medicine, and emergency medical systems. NSC, which is part of the University of Maryland Medical School, serves as the research arm for STC and MIEMSS, conducting research in injury epidemiology, trauma, and EMS system evaluation and health services. More than 75% of NTC's budget is supported by grants, contracts, and foundation funding from the U.S. Department of Transportation, the National Institutes of Health, the Robert Wood Johnson Foundation, the Centers for Disease Control and Prevention, major corporations, foundations, and private individuals. No general funds are provided to NSC.

*Automated External Defibrillator Program:* The AED program authorizes facilities to make automated external defibrillation available to an individual who is a victim of sudden cardiac arrest if physician services or emergency medical services are not immediately available. The program is administered by the EMS Board.

*Maryland Fire and Rescue Institute:* MFRI is the State's fire and emergency service training agency responsible for the majority of basic level pre-hospital training and education for emergency system service providers. MFRI plans, researches, develops, and delivers programs to enhance the ability of emergency service providers to protect life, the environment, and property. In fiscal 2008, MFRI served nearly 2,000 emergency services programs and 36,785 students. MFRI is funded primarily with MEMSOF special funds. The fiscal 2009 MFRI budget is \$8.7 million.

*Maryland Emergency Medical System Operations Fund:* MEMSOF provides annual State budget support for Maryland's emergency medical services system. The source of revenues for MEMSOF is an \$11 annual surcharge on motor vehicle registrations for certain classes of vehicles, as specified in Section 13-954 of the Transportation Article. MEMSOF may be used solely for (1) the Maryland State Police Aviation Command; (2) MIEMSS; (3) STC; (4) MFRI; (5) local grants under the Senator William H. Amoss Fire, Rescue, and Ambulance Fund; and (6) the Volunteer Company Assistance Fund.

MEMSOF earns approximately \$53.0 million a year in revenues; the Governor's proposed fiscal 2010 budget includes \$51.5 million in total expenditures from MEMSOF. The Department of Legislative Services forecast projects that, from fiscal 2010 through 2015, MEMSOF revenues will grow by 1.3%, while MEMSOF expenditures increase by 3.1%. Over time, growth in expenditures will outpace growth in revenues. MEMSOF could remain viable until as late as fiscal 2013. Depending on what safety enhancements are enacted to the State's Medevac helicopter system, MEMSOF may only be viable through fiscal 2010 or 2011.

**State Fiscal Effect:** Establishment of a new Department of Emergency Services as provided under the bill will transfer a total of approximately 815.0 part-time, 812.6 full-time-equivalent, and 7.2 contractual positions and about \$239.8 million in current funding from existing entities to the new department. At least two new positions, the Secretary and Deputy Secretary, are created. To the extent any administrative redundancies may be eliminated, potential cost savings may occur but cannot be reliably estimated at this time.

General fund or MEMSOF special fund expenditures will increase by at least \$314,716 in fiscal 2010, which accounts for the bill's October 1, 2009 effective date. This estimate reflects the cost to hire two new positions, the Secretary of Emergency Services and the Deputy Secretary of Emergency Services. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. Full year expenditures for these positions are projected to be \$414,603 in fiscal 2011.

	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>
Positions	2	
Salaries and Fringe Benefits	\$305,789	\$413,530
Operating Expenses	<u>8,927</u>	<u>1,073</u>
<b>Total State Expenditures</b>	<b>\$314,716</b>	<b>\$414,603</b>

Under the bill, STC and all its property, equipment, assets, and liabilities, must be transferred to DES on October 1, 2009. The State would absorb the total cost of all salaries, benefits, capital acquisition, equipment purchase, maintenance and replacement, depreciation, and physician services contracts. The State will have to contract for resources and infrastructure currently shared with UMMS. STC estimates that, at a minimum, the total annual cost to the State to operate the center will be \$150 million to \$190 million. STC revenues for the past five years have averaged \$114 million, which reflects a 70% collection rate.

Removing STC from UMMS and transferring it to the new department will make STC a budgeted State facility. Unless HSCRC is specifically directed in statute to set STC rates, STC will be removed from Maryland's hospital all-payor system. STC rates will then become cost-based rates as required by Medicaid and Medicare. Removal from the all-payor system will cost STC \$20.7 million in uncompensated care funding that it currently receives from HSCRC's uncompensated care pool, plus the additional uncompensated care funding provided in STC's current rates.

Certain federal funding received by MFRI is limited to university research institutions; therefore, it will no longer be available to MFRI under the bill. This funding is estimated

at between \$500,000 to \$800,000 annually. Other transferred entities may also lose federal or private funds, potentially increasing general fund expenditures. The amount of any potential loss of funds cannot be reliably estimated at this time.

**Local Expenditures:** MFRI currently provides local government fire and rescue personnel with coursework that is accredited by the American Council on Education (ACE). This permits local fire and rescue personnel and volunteers to receive equivalent college credit for promotion at no cost to the local government. According to the University System of Maryland, ACE accreditation will be lost under the bill. The estimated cost for local governments to provide this training on their own is \$2.0 million annually.

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### **Additional Information**

**Prior Introductions:** HB 1048 of 2007 would have abolished the EMS Board and transferred its functions to MIEMSS and transferred MIEMSS to the Department of Health and Mental Hygiene's Office of Preparedness and Response. HB 1048 was heard by the House Health and Government Operations Committee but no further action was taken.

**Cross File:** HB 1146 (Delegate Smigiel) - Health and Government Operations and Appropriations.

**Information Source(s):** Maryland Institute for Emergency Medical Services Systems, Department of Health and Mental Hygiene, Department of State Police, University System of Maryland, University of Maryland Medical System, Department of Legislative Services

**Fiscal Note History:** First Reader - March 10, 2009  
mlm/mwc

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**Appendix 1**  
**Reorganization of Emergency Services Under SB 764**

<u>Entity</u>	<u>Current Location</u>	<u>Action</u>	<u>Positions or Members</u>	<u>Fiscal 2010 Budget</u>
Maryland Institute for Emergency Medical Services Systems	Independent agency	Repealed, replaced by DES	94.1 regular 6.2 contractual	\$13.2 million
Emergency Medical Services Board	Governs MIEMSS	Repealed, replaced by DES, including new State Board of Paramedics	11 members	N/A
Emergency Medical Services Advisory Board	Advises EMS Board	Repealed, reenacted under DES	29 members	N/A
Maryland Fire and Rescue Institute	University of Maryland, College Park	Transferred to DES	60 FTE 815 part-time	\$8.7 million <sup>1</sup>
Maryland Emergency Management Agency	Military Department	Transferred to DES	71 regular 1 contractual	\$74.6 million
R Adams Cowley Shock Trauma Center	University of Maryland Medical System Corporation	Transferred to DES	517.5 FTE	\$136.4 million <sup>1</sup>
Charles McC. Mathias, Jr. National Study Center	University of Maryland School of Medicine	Transferred to DES	70 FTE	\$6.9 million
<b>Total</b>			<b>Part-time</b> <b>FTE</b> <b>Contractual</b>	<b>815.0</b> <b>812.6</b> <b>7.2</b> <b>\$239.8 million</b>

<sup>1</sup>Fiscal 2009 operating budgets.

Source: Department of Legislative Services