

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

House Bill 487 (Delegate Montgomery)

Health and Government Operations

Finance

**State Health Services Cost Review Commission - Health Care Facilities -
Required Forms**

This bill requires each hospital regulated by the Health Services Cost Review Commission (HSCRC) to submit to HSCRC as part of its annual filings the most recent Form 990 that the hospital has submitted to the Internal Revenue Service (IRS).

Fiscal Summary

State Effect: The bill does not directly affect governmental finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: HSCRC has jurisdiction over hospital services offered by or through all facilities. HSCRC must (1) require hospitals to disclose publicly their financial position and the verified total costs incurred by the facility in providing health services; (2) review for reasonableness and certify the rates of each facility; (3) keep informed as to whether a facility has enough resources to meet its financial requirements; (4) concern itself with solutions if a facility does not have enough resources; and (5) assure each purchaser of health care facility services that the total costs of all hospital services are reasonable, the aggregate rates of a hospital are reasonably related to the aggregate costs, and rates are set equitably among all purchasers.

At the end of the fiscal year for a hospital, at least 120 days following a merger or consolidation, and at any other interval set by HSCRC, a hospital has to file a balance sheet, a statement of income and expenses, and any other report that HSCRC requires about costs incurred in providing services.

Background: Form 990, *Return of Organization Exempt from Income Tax*, is the tax form that nonprofit institutions are required to file annually with the IRS. Part VII of the form collects information about compensation of officers, directors, trustees, key employees, highest compensated employees, and independent contractors.

There are 47 private acute care hospitals in Maryland regulated by HSCRC, of which 46 are nonprofit. HSCRC was established in 1971 to address escalating health care costs and increase the quality of health care through hospital rate regulation. HSCRC is an independent commission within the Department of Health and Mental Hygiene.

Additional Information

Prior Introductions: None.

Cross File: SB 231 (Senator Della) - Finance.

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

Fiscal Note History: First Reader - February 24, 2009
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