

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

House Bill 286 (Delegates Morhaim and Kipke)
Health and Government Operations

Finance

Hospitals and Freestanding Ambulatory Care Facilities - Practitioner
Performance Evaluation

This bill requires a hospital or freestanding ambulatory care facility to establish, as a condition of licensure, a practitioner performance evaluation process that objectively evaluates the performance of each member of the medical staff at the hospital or facility.

Fiscal Summary

State Effect: The bill's requirement to adopt and enforce regulations can be handled with existing resources. Because the Secretary of Health and Mental Hygiene is already authorized to impose a \$500 per day penalty for the failure of a hospital to establish or maintain the required credentialing process, revenues are not expected to be materially affected.

Local Effect: None.

Small Business Effect: Potential minimal increase in expenditures to the extent that small ambulatory care facilities must establish new procedures. It is unclear how many such facilities in the State are considered small businesses.

Analysis

Bill Summary: With regard to a hospital, the practitioner evaluation process must include a review of care provided to patients at the hospital. The review of care must be (1) undertaken for cases chosen at random and for cases with unexpected adverse outcomes; (2) based on objective review standards; and (3) conducted by either members of the medical staff or external reviewers who have been trained to perform such an evaluation, are of the same specialty as the individual under review, and are not otherwise

associated with the case. The review of care must also include a review of the appropriateness of the plan of care for the patient. A hospital must take the practitioner performance evaluation results into account in the reappointment process. If a hospital fails to comply with these requirements, the Secretary of Health and Mental Hygiene may impose a fine of up to \$500 per day per violation for each day a violation continues.

With regard to the licensure of a freestanding ambulatory care facility, the Secretary of Health and Mental Hygiene must by regulation establish procedures for practitioner performance evaluation (instead of procedures for peer review, as currently required). These regulations have to include a review of care, which must be (1) undertaken for cases chosen at random and for cases with unexpected adverse outcomes; (2) based on objective review standards; and (3) conducted by at least two members of the medical staff who have been trained to perform such an evaluation and are of the same specialty as the individual under review. (If the individual under review is a solo practitioner, the review of care must be conducted by an external reviewer.) The review of care must also include a review of the appropriateness of the plan of care for the patient. A freestanding ambulatory care facility has to take the practitioner performance evaluation results into account in the reappointment process.

Current Law/Background: With regard to the licensure of a hospital, minimum standards for a credentialing process include (1) a formal written appointment documenting the physician's education, clinical expertise, licensure history, insurance history, medical history, claims history, and professional experience; (2) a requirement that an initial appointment to staff not be complete until the physician has successfully completed a probationary period; and (3) a formal, written reappointment process to be completed at least every two years. The reappointment process must document the physician's pattern of performance by analyzing (1) claims filed against the physician; (2) data dealing with utilization, quality, and risk; (3) clinical skills; (4) adherence to hospital bylaws, policies, and procedures; (5) compliance with continuing education requirements; and (6) mental and physical status.

If requested by the Department of Health and Mental Hygiene, a hospital must provide documentation that, prior to granting or renewing privileges or employment to a physician, the hospital has complied with these requirements. If a hospital fails to establish or maintain the required credentialing process, the Secretary of Health and Mental Hygiene may delicense the hospital or impose a \$500 penalty for each day the violation continues.

With regard to the licensure of a freestanding ambulatory care facility, the Secretary of Health and Mental Hygiene must by regulation establish standards to ensure quality of care and patient safety. These standards must include (1) procedures for credentialing and peer review; (2) qualifications of health care practitioners and support personnel; (3) procedures to be followed in the event of an emergency; (4) procedures for discharge,

postoperative recovery, and quality control of any biomedical equipment; and (5) any other procedures that the Secretary of Health and Mental Hygiene considers necessary for quality of care and patient safety.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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