

**Department of Legislative Services**  
Maryland General Assembly  
2011 Session

**FISCAL AND POLICY NOTE**

House Bill 17 (Delegate Smigiel)  
Health and Government Operations

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**Department of Health and Mental Hygiene - Use of Federal Funds - Priority for  
Medically Underserved Areas**

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This bill requires the Secretary of Health and Mental Hygiene to give priority to medically underserved areas (MUAs), as designated by the U.S. Health Resources and Services Administration (HRSA), when using grants-in-aid or any other funds from the federal government that may be used for medical devices and telemedicine.

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**Fiscal Summary**

**State Effect:** The bill does not affect overall government finances. The bill may, however, result in a reallocation of federal grant funds.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The Secretary of Health and Mental Hygiene may apply for, receive, and spend grants-in-aid or any other funds made available by the federal government to the Department of Health and Mental Hygiene (DHMH) for use in carrying out the powers and duties of the Secretary or of the department.

**Background:** A medical device is defined in a separate section of law as any instrument, apparatus, or contrivance, or any part or accessory of an instrument, apparatus, or contrivance, that is intended (1) for use in the diagnosis, cure, mitigation, treatment, or

prevention of human disease; or (2) to affect the structure or any function of the human body for medical, surgical, or therapeutic purposes.

Telemedicine is the use of medical information exchanged from one site to another via electronic communications (including the use of audio and/or video equipment) to improve a patient's health status. Telemedicine permits two-way, real time interactive communication between a patient and a physician or practitioner located at a distant site.

According to HRSA, an MUA is a rational service area with a demonstrable shortage of primary health care resources relative to the needs of the entire population within the service area. Factors evaluated for determining eligibility for MUA designation include the rate of primary medical care physicians per 1,000 people, the infant mortality rate, the percentage of the population with incomes below the poverty level, and the percentage of the population older than age 65.

In June 2010, the Maryland Health Quality and Cost Council approved the creation of the Maryland Telemedicine Task Force with the charge to develop a plan for a comprehensive statewide telemedicine system. Until recently, efforts were focused on using telemedicine to improve stroke care in Maryland. In the coming months, three advisory groups will meet to develop a final report: a clinical advisory group to define areas of clinical need; a technical advisory group to define technical systems and statewide standards; and a financial group to define reimbursement requirements and financial support. A final report is anticipated to be submitted to the council in December 2011.

Chapter 266 of 2006 required the University of Maryland School of Medicine to study and report on issues regarding the use of telemedicine. The corresponding report, published in 2007, noted that telemedicine had been slow to develop in Maryland due to several barriers, including financial and quality issues, infrastructure, and legal and regulatory issues.

**State Fiscal Effect:** DHMH advises that any grants-in-aid or other funds received by the department from the federal governments are subject to federal guidance and laws. This may impact the department's ability to direct funds to priority areas.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** U.S. Health Resources and Services Administration; Department of Health and Mental Hygiene; American Medical Association; American Telemedicine Association; University of Maryland School of Medicine, *Report on Policies Regarding Use and Reimbursement for Telemedicine Services in Maryland and Other States*, February 2007; Department of Legislative Services

**Fiscal Note History:** First Reader - January 17, 2011  
ncs/mwc

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