

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 881

(Senator Middleton)

Finance

Health and Government Operations

Community Health Resources Commission - Revisions

This bill exempts the Maryland Community Health Resources Commission (MCHRC) from the power of the Secretary of Health and Mental Hygiene over the procurement procedures for units in the Department of Health and Mental Hygiene (DHMH) and authorizes MCHRC to contract with a qualified, independent third party for any service necessary to carry out the powers and duties of MCHRC. A third party under contract with MCHRC is prohibited from releasing, publishing, or using in a manner not authorized by the contract any information to which the third party has access.

The bill takes effect July 1, 2013.

Fiscal Summary

State Effect: The bill primarily clarifies the purposes for which existing funds may be used. To the extent it requires administrative changes, the commission can handle them with existing resources.

Local Effect: None.

Small Business Effect: Potential meaningful. Small business community health resources may benefit from additional services.

Analysis

Bill Summary: The bill also specifies that, in fiscal 2014 through 2016, the Maryland Community Health Resources Commission Fund (MCHRC Fund) may be used for Health Enterprise Zone (HEZ) projects or initiatives *only* if no less than \$4.0 million of

the \$8.0 million premium tax exemption subsidy provided by CareFirst is used to fund currently authorized community health resources purposes. In fiscal 2017 and annually thereafter, these funds may continue to be used for HEZ projects or initiatives *only* if no less than the full \$8.0 million of the CareFirst subsidy is used to fund currently authorized community health resources purposes.

Current Law: The MCHRC Fund receives a portion of the premium tax exemption subsidy provided by CareFirst. Section 14-106(d)(2)(ii)(2) of the Insurance Article prohibits the subsidy from being less than \$8.0 million in fiscal 2014 and each fiscal year thereafter. In fiscal 2014 through 2016, approximately \$4.0 million annually is dedicated to HEZ projects. Chapter 3 of 2012 (SB 234), which established the HEZ statute, is scheduled to terminate on June 30, 2016. The fund is used to award grants and provide community assessments.

Through community assessments, the commission helps communities develop more coordinated, integrated systems of community-based care, redirect nonemergency care from emergency rooms to other health care providers, and assist individuals in establishing medical homes. The fund may be used only to cover the administrative costs of MCHRC, cover the actual documented direct costs of fulfilling the statutory and regulatory duties of MCHRC, provide operating grants to qualifying community health resources, and provide funding for the development, support, and monitoring of a unified data information system among primary and specialty care providers, hospitals, and other providers of services to community health resource members.

The power of the Secretary of Health and Mental Hygiene over plans, proposals, and projects of units in DHMH does not include the power to disapprove or modify any decision or determination that MCHRC makes under authority specifically delegated by law to MCHRC. The power of the Secretary to transfer by rule, regulation, or written directive any staff, functions, or funds of units in DHMH does not apply to any staff, functions, or funds of MCHRC.

Background: MCHRC was established in 2005 to strengthen the safety net for uninsured and underinsured Marylanders. The safety net consists of community health resource centers, which range from federally qualified health centers to smaller community-based clinics. MCHRC's responsibilities include identifying and seeking federal and State funding for the expansion of community health resource centers, developing outreach programs to educate and inform individuals of the availability of community health resource centers, assisting uninsured individuals under 200% of the federal poverty level to access health care services through community health resource centers, implementing HEZs, and assisting safety net providers to prepare for implementation of federal health care reform. The Governor's proposed fiscal 2014 budget includes \$8.0 million for MCHRC.

MCHRC is one of three independent health care commissions under DHMH along with the Maryland Health Care Commission (MHCC) and the Health Services Cost Review Commission (HSCRC). Both MHCC and HSCRC have the same exemption from DHMH procurement procedures and authorization to contract with qualified, independent third parties that are granted to MCHRC under the bill.

In February 2012, MCHRC developed a business plan outlining recommendations for how the State can promote the readiness of safety net providers to implement federal health care reform. Many safety net providers, which traditionally have not dealt with commercial health insurance, have requested assistance with contracting, marketing, provider credentialing, billing, and strategic planning. Providing flexibility in how MCHRC can use its funds and authorizing it to contract with third parties will, among other things, allow the commission to provide contractual technical assistance to grantees to assist them with these issues.

DHMH has designated five HEZs. Although Chapter 3 specified that the program would run for four fiscal years, as implemented by DHMH the program will be financed at approximately \$4.0 million annually for calendar 2013 through 2016. Beyond calendar 2016, an HEZ is required to develop alternative funding sources; reporting on sustainability goals is also required during the four-year grant period.

Additional Information

Prior Introductions: None.

Cross File: HB 869 (Delegate Hubbard) - Health and Government Operations.

Information Source(s): Department of Budget and Management, Governor's Office, Department of General Services, Department of Health and Mental Hygiene, Department of Legislative Services

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