Department of Legislative Services

Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 1253 (Delegate Conway, *et al.*)
Health and Government Operations

State Health Plan - Licensed Hospice Programs - Certificate of Need Review

This bill alters the certificate of need (CON) review process for licensed hospice programs. Beginning December 31, 2014, the plan methodologies, standards, and criteria for CON review for a jurisdiction demonstrating need must first take into consideration the capability of current licensed hospice providers in that jurisdiction that have the infrastructure, capacity, and scale to meet the demonstrated need.

Fiscal Summary

State Effect: The bill does not substantively change State activities or operations.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Hospice provides a coordinated, interdisciplinary program of services for meeting the physical, psychological, spiritual, and social needs of dying individuals and their families, by providing palliative and supportive medical, nursing, and other health services through home or inpatient care during the illness and bereavement. Hospice care programs are licensed as either general hospice programs or limited hospice programs by the Office of Health Care Quality.

Maryland's CON program is intended to ensure that new health care facilities and services are developed in the State only as needed and that, if determined to be needed, they are cost-effective; high quality; geographically and financially accessible; financially viable; and will not have a significant negative impact on the cost, quality, or

viability of other health care facilities and services. The policy objectives and standards established by the Maryland Health Care Commission (MHCC) in the State Health Plan (SHP) provide the basis for review of proposed projects.

Generally, a CON is required for (1) establishment of a new licensed general hospice program; (2) development of an inpatient hospice facility; (3) changes in the inpatient bed capacity of a hospice; and (4) certain capital expenditures by a licensed general hospice. A CON is not required for (1) establishment of a limited license hospice; (2) establishment of a hospice house that does not contain facilities or bill for the provision of general inpatient hospice services; and (3) changes in bed capacity in a hospice house.

Background: According to MHCC, utilization of hospice services has changed in recent years. Overall, hospice use has increased, although not among all populations. In October 2013, a new SHP chapter for hospice services was issued. The most significant change is the methodology for projecting need for general hospice services. Major changes in the methodology are summarized below.

Components of CON Methodology for Projecting Need for General Hospice Services

Old Methodology	New Methodology
Demand-based approach	Set target use rates based on reported national use rates
No accounting for the capacity of existing hospice services for growth and to meet future demand	Explicit inclusion of the capacity of existing providers to grow based on their recent trends in the number of deaths served
Focus on cancer diagnoses alone	Focus on all diagnoses to account for the shift in the diagnostic mix of patients served by hospice
Use all age groups	Use ages 35 and older because less than 1% of hospice patients are younger than age 35
Rate of hospice cancer deaths relative to population cancer deaths	Rate of all hospice deaths relative to population deaths
Fixed-volume threshold	Variable-volume threshold based on the median number of deaths served by providers

Source: Maryland Health Care Commission

Historically, the potential need for additional hospice providers in a jurisdiction was based on demand. The change from a demand-based approach to an "aspirational" target will yield an identification of need in jurisdictions where use rates are low and populations are large or growing. According to MHCC, using current data, need is identified in Baltimore City and Prince George's County. Baltimore City is served by nine providers, two of which account for 72% of market share. Prince George's County is served by nine providers, three of which account for 78% of market share.

MHCC indicates that, under the revised need methodology, once need is identified in a jurisdiction, the commission would first consider the capacity of existing providers to meet future demand before accepting applications from new providers.

Additional Information

Prior Introductions: None.

Cross File: SB 646 (Senator Middleton, *et al.*) - Finance.

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

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