

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 89

(Chair, Finance Committee)(By Request - Departmental -
Veterans Affairs)

Finance

Health and Government Operations

**Maryland Health Care Commission - Requirement for Certificate of Need -
Exceptions**

This departmental bill establishes an exception to the requirement for a certificate of need (CON) for a comprehensive care facility owned and operated by the Maryland Department of Veterans Affairs (MDVA).

Fiscal Summary

State Effect: This bill does not materially affect State finances.

Local Effect: None.

Small Business Effect: MDVA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary: For purposes of providing an exception to the CON requirement, “health care facility” does not include a comprehensive care facility that is owned and operated by MDVA and restricts admissions to individuals who meet MDVA residency requirements and are (1) honorably discharged veterans; (2) former members of a reserve component of the Armed Forces; or (3) nonveteran spouses of eligible veterans.

Current Law: 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 provide the basis for review of proposed projects.

Generally, MHCC must issue a CON before (1) a health care facility may be built, developed, or established in the State; (2) an existing facility is relocated; (3) the bed capacity of a health care facility is changed; (4) the type or scope of health care services is changed; (5) certain capital expenditures are made by or on behalf of a hospital; and (6) a hospital is closed.

Four types of facilities are currently exempt from CON requirements: (1) hospitals and related institutions operated or listed as certified by the First Church of Christ Scientist; (2) comprehensive care facilities that are part of continuing care retirement communities, (3) certain kidney disease treatment facilities; and (4) dental offices.

Background: Maryland currently has only one comprehensive care facility for veterans – Charlotte Hall Veterans Home in St. Mary’s County. The 454-bed facility offers assisted living, skilled nursing care, specialized care for veterans with Alzheimer’s and other related dementias, and rehabilitation services. To be eligible for admission, an individual must have been discharged under honorable conditions from the U.S. Armed Forces (or be a nonveteran spouse of a qualified veteran), be a Maryland resident, and either be age 62 or older or unable to work due to disability.

According to MDVA, there is growing demand for a new comprehensive care facility to serve more veterans throughout the State. Under current law, a CON would be required to build such a facility. The U.S. Department of Veterans Affairs is considering authorizing a new 120-bed facility at Fort Howard in Baltimore County. Due to the number of nursing home beds already available in Baltimore County, a CON for a new facility would be denied based on a lack of demonstrated need. Alternatively, MDVA could purchase excess bed capacity from other county facilities looking to divest. However, according to MHCC this method is unlikely to provide a sufficient number of beds for a veterans’ facility.

Other states (including Kentucky, North Carolina, and Tennessee) have similar exemptions or exceptions to the CON process for nursing homes for veterans.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 10, 2014
ns/ljm

Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Health Care Commission- Requirement for Certificate of Need-Exceptions

BILL NUMBER: SB 89

PREPARED BY: Department of Veteran Affairs

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS