

# HOUSE BILL 1350

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CF SB 707

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By: ~~Delegate Hammen~~ Delegates Hammen, Angel, Barron, Bromwell, Cullison, Hayes, Hill, Kelly, Kipke, Krebs, McDonough, McMillan, Miele, Morgan, Morhaim, Oaks, Pena-Melnyk, Pendergrass, Rose, Saab, Sample-Hughes, West, and K. Young

Introduced and read first time: February 12, 2016

Assigned to: Health and Government Operations

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Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 31, 2016

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Freestanding Medical Facilities – Certificate of Need, Rates, and Definition**

3 FOR the purpose of exempting from certain certificate of need requirements the conversion  
4 of a certain hospital to a freestanding medical facility in accordance with certain  
5 requirements; altering the number of days before the proposed closing or partial  
6 closing of a health care facility for the filing of a certain notice by a certain person;  
7 altering the requirements for a public informational hearing for a hospital that files  
8 a notice of its proposed closing; requiring a certain hospital to hold a public  
9 informational hearing if the hospital requests an exemption from certificate of need  
10 requirements to convert to a freestanding medical facility; requiring the Maryland  
11 Health Care Commission to establish by regulation requirements for certain public  
12 informational hearings; requiring, for a hospital seeking to close, partially close, or  
13 convert to a freestanding medical facility, that the regulations require the hospital  
14 to address certain items at a public informational hearing; requiring a hospital to  
15 provide a written summary of a public informational hearing within a certain period  
16 of time to certain individuals, entities, and legislative committees; clarifying the  
17 circumstances in which a certificate of need is required to establish or operate a  
18 freestanding medical facility; authorizing the Commission to approve a site for a  
19 freestanding medical facility that is not on a certain site, under certain  
20 circumstances; prohibiting a certain hospital from converting to a freestanding  
21 medical facility before a certain date; prohibiting a certain hospital from closing  
22 before the later of a certain date or a certain conversion is completed; altering the

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 services provided at a freestanding medical facility that may be considered hospital  
 2 services for purposes of rate-setting; requiring a freestanding medical facility to  
 3 have a certain license, instead of a certificate of need, to obtain certain rates; altering  
 4 the definition of “freestanding medical facility” to require a facility to meet the  
 5 requirements for provider-based status under a certain certification and to exempt,  
 6 from the requirement that the facility be physically separate from a hospital or  
 7 hospital grounds, a freestanding medical facility established as a result of a certain  
 8 hospital conversion; requiring the Department of Health and Mental Hygiene to  
 9 issue a license to a freestanding medical facility that receives an exemption from  
 10 obtaining a certificate of need; establishing a workgroup on rural health care  
 11 delivery; providing for the membership, chair, and staff of the workgroup; requiring  
 12 the workgroup to oversee a certain study of health care needs in certain counties and  
 13 to hold certain public hearings; providing for the contents of a certain study;  
 14 requiring the workgroup to review certain policy options and to report on a certain  
 15 study and certain recommendations on or before a certain date; stating the intent of  
 16 the General Assembly; providing for the construction of a certain provision of this  
 17 Act; authorizing the use of certain funds for a certain purpose; and generally relating  
 18 to freestanding medical facilities.

19 BY repealing and reenacting, without amendments,

20 Article – Health – General  
 21 Section 19–120(j)(1) and (k)(1)  
 22 Annotated Code of Maryland  
 23 (2015 Replacement Volume)

24 BY repealing and reenacting, with amendments,

25 Article – Health – General  
 26 Section 19–120(j)(2)(iv), (k)(6)(viii) and (ix) and (7), and (l), 19–201(d), 19–211(e),  
 27 19–3A–01, 19–3A–03, and 19–3A–08  
 28 Annotated Code of Maryland  
 29 (2015 Replacement Volume)

30 BY adding to

31 Article – Health – General  
 32 Section 19–120(k)(6)(x) and (o)  
 33 Annotated Code of Maryland  
 34 (2015 Replacement Volume)

35 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
 36 That the Laws of Maryland read as follows:

37 **Article – Health – General**

38 19–120.

39 (j) (1) A certificate of need is required before the type or scope of any health  
 40 care service is changed if the health care service is offered:

- 1 (i) By a health care facility;
- 2 (ii) In space that is leased from a health care facility; or
- 3 (iii) In space that is on land leased from a health care facility.

4 (2) This subsection does not apply if:

5 (iv) 1. At least 45 days before increasing or decreasing the  
6 volume of one or more health care services, written notice of intent to change the volume of  
7 health care services is filed with the Commission;

8 2. The Commission in its sole discretion finds that the  
9 proposed change:

10 A. Is pursuant to [the]:

11 I. **THE** consolidation or merger of two or more health care  
12 facilities[, the];

13 II. **THE** conversion of a health care facility or part of a facility  
14 to a nonhealth-related use[, or the];

15 III. **THE** conversion of a hospital to a limited service hospital;

16 **OR**

17 **IV. THE CONVERSION OF A LICENSED GENERAL**  
18 **HOSPITAL TO A FREESTANDING MEDICAL FACILITY IN ACCORDANCE WITH**  
19 **SUBSECTION (O)(3) OF THIS SECTION;**

20 B. Is not inconsistent with the State health plan or the  
21 institution-specific plan developed and adopted by the Commission;

22 C. Will result in the delivery of more efficient and effective  
23 health care services; and

24 D. Is in the public interest; and

25 3. Within 45 days of receiving notice under item 1 of this  
26 item, the Commission notifies the health care facility of its finding.

27 (k) (1) A certificate of need is required before any of the following capital  
28 expenditures are made by or on behalf of a hospital:

1 (i) Any expenditure that, under generally accepted accounting  
2 principles, is not properly chargeable as an operating or maintenance expense, if:

3 1. The expenditure is made as part of an acquisition,  
4 improvement, or expansion, and, after adjustment for inflation as provided in the  
5 regulations of the Commission, the total expenditure, including the cost of each study,  
6 survey, design, plan, working drawing, specification, and other essential activity, is more  
7 than \$10,000,000;

8 2. The expenditure is made as part of a replacement of any  
9 plant and equipment of the hospital and is more than \$10,000,000 after adjustment for  
10 inflation as provided in the regulations of the Commission;

11 3. The expenditure results in a substantial change in the bed  
12 capacity of the hospital; or

13 4. The expenditure results in the establishment of a new  
14 medical service in a hospital that would require a certificate of need under subsection (i) of  
15 this section; or

16 (ii) Any expenditure that is made to lease or, by comparable  
17 arrangement, obtain any plant or equipment for the hospital, if:

18 1. The expenditure is made as part of an acquisition,  
19 improvement, or expansion, and, after adjustment for inflation as provided in the rules and  
20 regulations of the Commission, the total expenditure, including the cost of each study,  
21 survey, design, plan, working drawing, specification, and other essential activity, is more  
22 than \$10,000,000;

23 2. The expenditure is made as part of a replacement of any  
24 plant and equipment and is more than \$10,000,000 after adjustment for inflation as  
25 provided in the regulations of the Commission;

26 3. The expenditure results in a substantial change in the bed  
27 capacity of the hospital; or

28 4. The expenditure results in the establishment of a new  
29 medical service in a hospital that would require a certificate of need under subsection (i) of  
30 this section.

31 (6) This subsection does not apply to:

32 (viii) A capital expenditure by a hospital, as defined in § 19–301 of this  
33 title, for a project in excess of \$10,000,000 for construction or renovation that:

34 1. May be related to patient care;

1                   2.     Does not require, over the entire period or schedule of debt  
2 service associated with the project, a total cumulative increase in patient charges or  
3 hospital rates of more than \$1,500,000 for the capital costs associated with the project as  
4 determined by the Commission, after consultation with the Health Services Cost Review  
5 Commission;

6                   3.     At least 45 days before the proposed expenditure is made,  
7 the hospital notifies the Commission;

8                   4.     A.     Within 45 days of receipt of the relevant financial  
9 information, the Commission makes the financial determination required under item 2 of  
10 this item; or

11                   B.     The Commission has not made the financial  
12 determination required under item 2 of this item within 60 days of the receipt of the  
13 relevant financial information; and

14                   5.     The relevant financial information to be submitted by the  
15 hospital is defined in regulations adopted by the Commission, after consultation with the  
16 Health Services Cost Review Commission; [or]

17                   (ix)   A plant donated to a hospital, as defined in § 19–301 of this title,  
18 that does not require a cumulative increase in patient charges or hospital rates of more  
19 than \$1,500,000 for capital costs associated with the donated plant as determined by the  
20 Commission, after consultation with the Health Services Cost Review Commission, if:

21                   1.     At least 45 days before the proposed donation is made, the  
22 hospital notifies the Commission;

23                   2.     A.     Within 45 days of receipt of the relevant financial  
24 information, the Commission makes the financial determination required under this item  
25 (ix) of this paragraph; or

26                   B.     The Commission has not made the financial  
27 determination required under this item (ix) of this paragraph within 60 days of the receipt  
28 of the relevant financial information; and

29                   3.     The relevant financial information to be submitted by the  
30 hospital is defined in regulations adopted by the Commission after consultation with the  
31 Health Services Cost Review Commission; **OR**

32                   **(X)   A CAPITAL EXPENDITURE MADE AS PART OF A CONVERSION**  
33 **OF A LICENSED GENERAL HOSPITAL TO A FREESTANDING MEDICAL FACILITY IN**  
34 **ACCORDANCE WITH SUBSECTION (O)(3) OF THIS SECTION.**

1 (7) Paragraph (6)(vi), (vii), (viii), [and] (ix), AND (X) of this subsection may  
2 not be construed to permit a facility to offer a new health care service for which a certificate  
3 of need is otherwise required.

4 (l) (1) A certificate of need is not required to close any health care facility or  
5 part of a health care facility if at least ~~45~~ **90** days before the closing or **IF AT LEAST 45**  
6 **DAYS BEFORE THE** partial closing of the health care facility, including a State hospital, a  
7 person proposing to close all or part of the health care facility files notice of the proposed  
8 closing or partial closing with the Commission.

9 (2) A hospital [located in a county with fewer than three hospitals that files  
10 a notice of its proposed closing or partial closing with the Commission] shall hold a public  
11 informational hearing in the county where the hospital is located **IF THE HOSPITAL:**

12 (I) **FILES A NOTICE OF THE PROPOSED CLOSING OF THE**  
13 **HOSPITAL WITH THE COMMISSION;**

14 (II) **REQUESTS AN EXEMPTION FROM THE COMMISSION UNDER**  
15 **SUBSECTION (O)(3) OF THIS SECTION TO CONVERT TO A FREESTANDING MEDICAL**  
16 **FACILITY; OR**

17 (III) **IS LOCATED IN A COUNTY WITH FEWER THAN THREE**  
18 **HOSPITALS AND FILES A NOTICE OF THE PARTIAL CLOSING OF THE HOSPITAL WITH**  
19 **THE COMMISSION.**

20 (3) The Commission may require a health care facility other than a hospital  
21 described in paragraph (2) of this subsection that files notice of its proposed closing or  
22 partial closing to hold a public informational hearing in the county where the health care  
23 facility is located.

24 (4) A public informational hearing required under paragraph (2) or (3) of  
25 this subsection shall be held by the health care facility, in consultation with the  
26 Commission, within 30 days after [the]:

27 (I) **THE** health care facility files **WITH THE COMMISSION** a notice  
28 of its proposed closing or partial closing [with the Commission]; **OR**

29 (II) **THE HOSPITAL FILES WITH THE COMMISSION A NOTICE OF**  
30 **INTENT TO CONVERT TO A FREESTANDING MEDICAL FACILITY.**

31 (5) (I) **THE COMMISSION SHALL ESTABLISH BY REGULATION**  
32 **REQUIREMENTS FOR A PUBLIC INFORMATIONAL HEARING REQUIRED UNDER**  
33 **PARAGRAPH (2) OR (3) OF THIS SUBSECTION.**

1                   **(II) FOR A HOSPITAL PROPOSING TO CLOSE, PARTIALLY CLOSE,**  
2 **OR CONVERT TO A FREESTANDING MEDICAL FACILITY, THE REGULATIONS SHALL**  
3 **REQUIRE THE HOSPITAL TO ADDRESS:**

4                   **1. THE REASONS FOR THE CLOSURE, PARTIAL CLOSURE,**  
5 **OR CONVERSION;**

6                   **2. THE PLAN FOR TRANSITIONING ACUTE CARE**  
7 **SERVICES PREVIOUSLY PROVIDED BY THE HOSPITAL TO RESIDENTS OF THE**  
8 **HOSPITAL SERVICE AREA;**

9                   **3. THE PLAN FOR ADDRESSING THE HEALTH CARE**  
10 **NEEDS OF THE RESIDENTS OF THE HOSPITAL SERVICE AREA;**

11                   **4. THE PLAN FOR RETRAINING AND PLACING**  
12 **DISPLACED EMPLOYEES;**

13                   **5. THE PLAN FOR THE HOSPITAL'S PHYSICAL PLANT AND**  
14 **SITE; AND**

15                   **6. THE PROPOSED TIMELINE FOR THE CLOSURE,**  
16 **PARTIAL CLOSURE, OR CONVERSION TO A FREESTANDING MEDICAL FACILITY.**

17                   **(6) WITHIN 10 WORKING DAYS AFTER A PUBLIC INFORMATIONAL**  
18 **HEARING HELD BY A HOSPITAL UNDER THIS SUBSECTION, THE HOSPITAL SHALL**  
19 **PROVIDE A WRITTEN SUMMARY OF THE HEARING TO:**

20                   **(I) THE GOVERNOR;**

21                   **(II) THE SECRETARY;**

22                   **(III) THE GOVERNING BODY OF THE COUNTY IN WHICH THE**  
23 **HOSPITAL IS LOCATED;**

24                   **(IV) THE LOCAL HEALTH DEPARTMENT AND THE LOCAL BOARD**  
25 **OF HEALTH OR SIMILAR BODY FOR THE COUNTY IN WHICH THE HOSPITAL IS**  
26 **LOCATED;**

27                   **(V) THE COMMISSION; AND**

28                   **(VI) SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT**  
29 **ARTICLE, THE SENATE FINANCE COMMITTEE, THE HOUSE HEALTH AND**  
30 **GOVERNMENT OPERATIONS COMMITTEE, AND THE MEMBERS OF THE GENERAL**  
31 **ASSEMBLY WHO REPRESENT THE DISTRICT IN WHICH THE HOSPITAL IS LOCATED.**

1           **(O) (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3) OF THIS**  
2 **SUBSECTION, A PERSON SHALL HAVE A CERTIFICATE OF NEED ISSUED BY THE**  
3 **COMMISSION BEFORE A PERSON ESTABLISHES OR OPERATES A FREESTANDING**  
4 **MEDICAL FACILITY.**

5           **(2) A CERTIFICATE OF NEED IS NOT REQUIRED FOR THE**  
6 **ESTABLISHMENT OR OPERATION OF A FREESTANDING MEDICAL FACILITY PILOT**  
7 **PROJECT ESTABLISHED UNDER § 19-3A-07 OF THIS TITLE.**

8           **(3) (I) A CERTIFICATE OF NEED IS NOT REQUIRED TO ESTABLISH**  
9 **OR OPERATE A FREESTANDING MEDICAL FACILITY IF:**

10                   **1. THE FREESTANDING MEDICAL FACILITY IS**  
11 **ESTABLISHED AS THE RESULT OF THE CONVERSION OF A LICENSED GENERAL**  
12 **HOSPITAL;**

13                   **2. THROUGH THE CONVERSION, THE LICENSED**  
14 **GENERAL HOSPITAL WILL ELIMINATE THE CAPABILITY OF THE HOSPITAL TO ADMIT**  
15 **OR RETAIN PATIENTS FOR OVERNIGHT HOSPITALIZATION, EXCEPT FOR**  
16 **OBSERVATION STAYS;**

17                   **3. EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**  
18 **PARAGRAPH, THE FREESTANDING MEDICAL FACILITY WILL REMAIN ON THE SITE OF,**  
19 **OR ON A SITE ADJACENT TO, THE LICENSED GENERAL HOSPITAL;**

20                   **4. AT LEAST ~~45~~ 60 DAYS BEFORE THE CONVERSION,**  
21 **WRITTEN NOTICE OF INTENT TO CONVERT THE LICENSED GENERAL HOSPITAL TO A**  
22 **FREESTANDING MEDICAL FACILITY IS FILED WITH THE COMMISSION;**

23                   **5. THE COMMISSION IN ITS SOLE DISCRETION FINDS**  
24 **THAT THE CONVERSION:**

25                           **A. IS ~~NOT INCONSISTENT~~ CONSISTENT WITH THE STATE**  
26 **HEALTH PLAN;**

27                           **B. WILL RESULT IN THE DELIVERY OF MORE EFFICIENT**  
28 **AND EFFECTIVE HEALTH CARE SERVICES;**

29                           **C. WILL MAINTAIN ADEQUATE AND APPROPRIATE**  
30 **DELIVERY OF EMERGENCY CARE WITHIN THE STATEWIDE EMERGENCY MEDICAL**  
31 **SERVICES SYSTEM AS DETERMINED BY THE STATE EMERGENCY MEDICAL SERVICES**  
32 **BOARD; AND**



1                   **D. IS IN THE PUBLIC INTEREST; AND**

2                   **6. WITHIN ~~45~~ 60 DAYS AFTER RECEIVING NOTICE**  
 3 **UNDER ITEM 4 OF THIS SUBPARAGRAPH, THE COMMISSION NOTIFIES THE LICENSED**  
 4 **GENERAL HOSPITAL OF THE COMMISSION'S FINDINGS.**

5                   **(II) THE COMMISSION MAY APPROVE A SITE FOR A**  
 6 **FREESTANDING MEDICAL FACILITY THAT IS NOT ON THE SITE OF, OR ON A SITE**  
 7 **ADJACENT TO, THE LICENSED GENERAL HOSPITAL IF:**

8                   **1. THE LICENSED GENERAL HOSPITAL IS:**

9                   **A. THE ONLY HOSPITAL IN THE COUNTY; OR**

10                   **B. ONE OF TWO HOSPITALS IN THE COUNTY THAT ARE**  
 11 **PART OF THE SAME MERGED ASSET SYSTEM, AND ARE THE ONLY TWO HOSPITALS IN**  
 12 **THE COUNTY; AND**

13                   **2. THE SITE IS WITHIN A 5-MILE RADIUS AND IN THE**  
 14 **PRIMARY SERVICE AREA OF THE LICENSED GENERAL HOSPITAL.**

15                   **(III) NOTWITHSTANDING SUBPARAGRAPH (I) OF THIS**  
 16 **PARAGRAPH, A LICENSED GENERAL HOSPITAL LOCATED IN KENT COUNTY MAY NOT**  
 17 **CONVERT TO A FREESTANDING MEDICAL FACILITY IN ACCORDANCE WITH**  
 18 **SUBPARAGRAPH (I) OF THIS PARAGRAPH BEFORE JULY 1, 2020.**

19                   **(IV) NOTWITHSTANDING SUBPARAGRAPH (I) OF THIS**  
 20 **PARAGRAPH, A LICENSED GENERAL HOSPITAL IN HARFORD COUNTY MAY NOT**  
 21 **CLOSE BEFORE THE LATER OF:**

22                   **1. OCTOBER 1, 2017; OR**

23                   **2. THE CONVERSION TO A FREESTANDING MEDICAL**  
 24 **FACILITY IN ACCORDANCE WITH SUBPARAGRAPH (I) OF THIS PARAGRAPH IS**  
 25 **COMPLETE.**

26 19-201.

27           (d) (1) "Hospital services" means:

28                   (i) Inpatient hospital services as enumerated in Medicare  
 29 Regulation 42 C.F.R. § 409.10, as amended;

30                   (ii) Emergency services, including services provided at[:

1 1. Freestanding medical facility pilot projects authorized  
2 under Subtitle 3A of this title prior to January 1, 2008; and

3 2. A freestanding medical facility issued a certificate of need  
4 by the Maryland Health Care Commission after July 1, 2015] **A FREESTANDING MEDICAL**  
5 **FACILITY LICENSED UNDER SUBTITLE 3A OF THIS TITLE;**

6 (iii) Outpatient services provided at [the] A hospital; [and]

7 **(IV) OUTPATIENT SERVICES, AS SPECIFIED BY THE**  
8 **COMMISSION IN REGULATION, PROVIDED AT A FREESTANDING MEDICAL FACILITY**  
9 **LICENSED UNDER SUBTITLE 3A OF THIS TITLE THAT HAS RECEIVED:**

10 1. **A CERTIFICATE OF NEED UNDER § 19–120(O)(1) OF**  
11 **THIS TITLE; OR**

12 2. **AN EXEMPTION FROM OBTAINING A CERTIFICATE OF**  
13 **NEED UNDER § 19–120(O)(3) OF THIS TITLE; AND**

14 [(iv)] **(V) Identified physician services for which a facility has**  
15 **Commission–approved rates on June 30, 1985.**

16 (2) “Hospital services” includes a hospital outpatient service:

17 (i) Of a hospital that, on or before June 1, 2015, is under a merged  
18 asset hospital system;

19 (ii) That is designated as a part of another hospital under the same  
20 merged asset hospital system to make it possible for the hospital outpatient service to  
21 participate in the 340B Program under the federal Public Health Service Act; and

22 (iii) That complies with all federal requirements for the 340B  
23 Program and applicable provisions of 42 C.F.R. § 413.65.

24 (3) “Hospital services” does not include:

25 (i) Outpatient renal dialysis services; or

26 (ii) Outpatient services provided at a limited service hospital as  
27 defined in § 19–301 of this title, except for emergency services.

28 19–211.

29 (c) The Commission shall set rates for hospital services provided at:

1 (1) A freestanding medical facility pilot project authorized under Subtitle  
2 3A of this title prior to January 1, 2008; and

3 (2) A freestanding medical facility [issued a certificate of need by the  
4 Maryland Health Care Commission after July 1, 2015] **LICENSED UNDER SUBTITLE 3A**  
5 **OF THIS TITLE.**

6 19-3A-01.

7 In this subtitle, “freestanding medical facility” means a facility:

8 (1) In which medical and health services are provided;

9 (2) That, **EXCEPT FOR A FREESTANDING MEDICAL FACILITY**  
10 **ESTABLISHED AS A RESULT OF A CONVERSION OF A LICENSED GENERAL HOSPITAL**  
11 **UNDER § 19-120(O)(3) OF THIS TITLE**, is physically separate from a hospital or hospital  
12 grounds; [and]

13 (3) That is an administrative part of a hospital [or related institution], as  
14 defined in § 19-301 of this title; **AND**

15 (4) **THAT MEETS THE REQUIREMENTS FOR PROVIDER-BASED STATUS**  
16 **UNDER THE CERTIFICATION FOR AN AFFILIATED HOSPITAL AS SET FORTH BY THE**  
17 **CENTERS FOR MEDICARE AND MEDICAID SERVICES IN 42 C.F.R. § 413.65.**

18 19-3A-03.

19 (a) The Department shall issue a license to a freestanding medical facility that:

20 (1) Meets the licensure requirements under this subtitle; and

21 (2) [After July 1, 2015, receives] **RECEIVES** a certificate of need **OR AN**  
22 **EXEMPTION FROM OBTAINING A CERTIFICATE OF NEED** from the Maryland Health  
23 Care Commission [issued] under § 19-120 of this title.

24 (b) A freestanding medical facility that uses in its title or advertising the word  
25 “emergency” or other language indicating to the public that medical treatment for  
26 immediately life-threatening medical conditions exist at that facility shall be licensed by  
27 the Department before it may operate in this State.

28 (c) Notwithstanding subsection (a)(2) of this section, the Department may not  
29 require a freestanding medical facility pilot project to be approved by the Maryland Health  
30 Care Commission as a condition of licensure.

31 19-3A-08.

1 (a) This section applies to all payors subject to the rate-setting authority of the  
2 Health Services Cost Review Commission, including:

3 (1) Insurers, nonprofit health service plans, and health maintenance  
4 organizations that deliver or issue for delivery individual, group, or blanket health  
5 insurance policies and contracts in the State;

6 (2) Managed care organizations, as defined in § 15-101 of this article; and

7 (3) The Maryland Medical Assistance Program established under Title 15,  
8 Subtitle 1 of this article.

9 (b) A payor subject to this section shall pay rates set by the Health Services Cost  
10 Review Commission under Subtitle 2 of this title for hospital services provided at:

11 (1) A freestanding medical facility pilot project authorized under this  
12 subtitle prior to January 1, 2008; and

13 (2) A freestanding medical facility [issued a certificate of need by the  
14 Maryland Health Care Commission after July 1, 2015] **LICENSED UNDER § 19-3A-03 OF**  
15 **THIS SUBTITLE.**

16 SECTION 2. AND BE IT FURTHER ENACTED, That:

17 (a) There is a workgroup on rural health care delivery.

18 (b) The workgroup consists of:

19 (1) the Chair of the Senate Finance Committee and the Chair of the House  
20 Health and Government Operations Committee;

21 (2) two members of the Senate of Maryland and two members of the House  
22 of Delegates from rural areas of the State, appointed by the President of the Senate and  
23 the Speaker of the House of Delegates, respectively;

24 (3) the Secretary of Health and Mental Hygiene, or the Secretary's  
25 designee;

26 (4) the Chief Executive Officer of McCready Memorial Hospital, or the  
27 Chief Executive Officer's designee;

28 (5) the Chief Executive Officer of Garrett Regional Medical Center, or the  
29 Chief Executive Officer's designee; ~~and~~

30 (6) the Chief Executive Officer of Harford Memorial Hospital, or the Chief  
31 Executive Officer's designee;

1           (7) the Chief Executive Officer of Union Hospital, or the Chief Executive  
2 Officer's designee; and

3           ~~(6)~~ (8) individuals representing the interests of health care providers,  
4 business, labor, State and local government, consumers, and other stakeholder groups,  
5 appointed by the Maryland Health Care Commission.

6           (c) The Maryland Health Care Commission shall designate the chair of the  
7 workgroup.

8           (d) The Maryland Health Care Commission and the Department of Health and  
9 Mental Hygiene shall provide staff for the workgroup.

10          (e) The workgroup shall:

11           (1) oversee a study of rural health care needs in Caroline, Dorchester,  
12 Kent, Queen Anne's, and Talbot counties; and

13           (2) hold public hearings to gain community input regarding the health care  
14 needs in the five study counties.

15          (f) The study required under subsection (e)(1) of this section shall:

16           (1) be carried out by an entity with expertise in rural health care delivery  
17 and planning;

18           (2) examine challenges to the delivery of health care in the five study  
19 counties, including:

20            (i) the limited availability of health care providers and services;

21            (ii) the special needs of vulnerable populations;

22            (iii) transportation barriers; and

23            (iv) the economic impact of the closure, partial closure, or conversion  
24 of a health care facility;

25           (3) take into account the input gained through the public hearings held by  
26 the workgroup;

27           (4) identify opportunities created by telehealth and the Maryland  
28 all-payer model contract for restructuring the delivery of health care services; and

29           (5) develop policy options for addressing the health care needs of residents  
30 of and improving the health care delivery system in the five study counties.

1 (g) The workgroup shall:

2 (1) review the policy options developed under the study and recommend  
3 policies that address:

4 (i) the health care needs of residents of the five study counties; and

5 (ii) improvements to the health care delivery system in the five study  
6 counties; and

7 (2) on or before October 1, 2017, report on the findings of the study and the  
8 recommendations of the workgroup to the Governor and, in accordance with § 2-1246 of  
9 the State Government Article, the General Assembly.

10 SECTION 3. AND BE IT FURTHER ENACTED, That:

11 (a) It is the intent of the General Assembly that, due to unique circumstances and  
12 a desire for prompt consideration by the Maryland Health Care Commission of the  
13 certificate of need for the Prince George's Regional Medical Center, the memorandum of  
14 understanding, which sets forth the process for community engagement regarding the  
15 modernization and transformation plan for Laurel Regional Hospital entered into by the  
16 University of Maryland Medical System and representatives of local government, shall  
17 supplement the process for community engagement regarding the modernization and  
18 transformation plan for the Laurel Regional Hospital.

19 (b) Subsection (a) of this section may not be construed to affect the processes  
20 established under Section 1 of this Act.

21 SECTION 4. AND BE IT FURTHER ENACTED, That, notwithstanding any other  
22 provision of law:

23 (a) Funds in the Maryland Health Benefit Exchange Fund deposited or  
24 transferred from the Maryland Health Insurance Plan Fund may be used by the Maryland  
25 Health Care Commission in fiscal years 2017 and 2018 to pay for the study of rural health  
26 care needs required under Section 2 of this Act.

27 (b) The amount of funds that may be used under subsection (a) of this section may  
28 not exceed \$500,000.

29 SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 July 1, 2016.