

# SENATE BILL 390

J3, K3  
SB 379/17 – FIN

8lr2152  
CF HB 614

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By: **Senators Feldman, Hershey, Benson, Klausmeier, Mathias, Oaks, Reilly, and Rosapepe**

Introduced and read first time: January 25, 2018

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 1, 2018

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

1 AN ACT concerning

2 **Hospitals – Changes in Status – Hospital Employee Retraining and Placement**

3 FOR the purpose of ~~requiring a hospital that downsizes to pay a fee directly to the~~  
4 ~~Department of Labor, Licensing, and Regulation if workers are displaced;~~  
5 ~~prohibiting the fee from exceeding a certain percent of total revenue approved by the~~  
6 ~~Health Services Cost Review Commission for a certain fiscal year; limiting the~~  
7 ~~number of times the fee may be assessed; prohibiting a certain fee paid by a hospital~~  
8 ~~that voluntarily closes, merges, or is delicensed from exceeding a certain percent of~~  
9 ~~total revenue approved by the Health Services Cost Review Commission, rather than~~  
10 ~~the gross operating revenue, for a certain fiscal year; requiring the Health Services~~  
11 ~~Cost Review Commission to prorate the total amount of certain fees in a certain~~  
12 ~~manner to derive a certain fee; prohibiting the Health Services Cost Review~~  
13 ~~Commission from including certain employees if the Health Services Cost Review~~  
14 ~~Commission uses the number of employees of a hospital who are affected by the~~  
15 ~~closure, merger, downsizing, or delicensing of the hospital in calculating a certain~~  
16 ~~fee~~ specifying the contents of a certain plan for retraining and placing certain  
17 displaced employees who work for a certain hospital that proposes to close, partially  
18 close, or convert to a certain freestanding medical facility; altering the purpose of a  
19 certain program the Department of Labor, Licensing, and Regulation is required to  
20 establish; requiring the Department to make a certain determination before using a  
21 certain program; defining a certain term; making a conforming change; making  
22 stylistic changes; and generally relating to hospital employee retraining and  
23 placement related to changes in hospital status.

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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 BY repealing and reenacting, with amendments,  
 2 Article – Health – General  
 3 Section ~~19–326.1~~ 19–120(l)(5)  
 4 Annotated Code of Maryland  
 5 (2015 Replacement Volume and 2017 Supplement)

6 BY repealing and reenacting, without amendments,  
 7 Article – Health – General  
 8 Section 19–222(g)(3)(i) and 19–326.1  
 9 Annotated Code of Maryland  
 10 (2015 Replacement Volume and 2017 Supplement)

11 BY repealing and reenacting, with amendments,  
 12 Article – Labor and Employment  
 13 Section 11–201  
 14 Annotated Code of Maryland  
 15 (2016 Replacement Volume and 2017 Supplement)

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

18 **Article – Health – General**

19 ~~19–326.1.~~

20 ~~(A) IN THIS SECTION, “DOWNSIZE” MEANS TO REDUCE THE NUMBER OF~~  
 21 ~~EMPLOYEES OF A HOSPITAL BY AT LEAST 10 FULL-TIME EQUIVALENT EMPLOYEES~~  
 22 ~~IN ANY CONSECUTIVE 3-MONTH PERIOD.~~

23 ~~(B) (1) If a hospital voluntarily closes, merges, DOWNSIZES, or is delicensed~~  
 24 ~~under § 19–325 of this subtitle and workers are displaced[;~~

25 ~~(1) Each], EACH hospital shall pay a fee directly to the Department of~~  
 26 ~~Labor, Licensing, and Regulation.~~

27 ~~(2) [The] SUBJECT TO PARAGRAPHS (3) AND (4) OF THIS SUBSECTION,~~  
 28 ~~THE fee [shall] REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION;~~

29 ~~(i) MAY not exceed 0.01 percent of the [gross operating] TOTAL~~  
 30 ~~revenue APPROVED BY THE HEALTH SERVICES COST REVIEW COMMISSION for the~~  
 31 ~~fiscal year immediately preceding the closure, MERGER, DOWNSIZING, or delicensing of~~  
 32 ~~the hospital[. A fee shall only]; AND~~

33 ~~(ii) MAY be assessed ONLY once for each voluntary closure, merger,~~  
 34 ~~DOWNSIZING, or delicensure.~~

1           ~~(3) THE HEALTH SERVICES COST REVIEW COMMISSION SHALL~~  
2 ~~PRORATE THE TOTAL AMOUNT OF FEES AMONG ALL HOSPITALS BASED ON THE~~  
3 ~~RATIO OF THE ACTUAL GROSS PATIENT REVENUES OF AN INDIVIDUAL HOSPITAL TO~~  
4 ~~THE TOTAL GROSS PATIENT REVENUES OF ALL HOSPITALS TO DERIVE THE~~  
5 ~~INDIVIDUAL FEE FOR EACH HOSPITAL.~~

6           ~~(4) IF THE HEALTH SERVICES COST REVIEW COMMISSION USES THE~~  
7 ~~NUMBER OF EMPLOYEES AFFECTED BY THE CLOSURE, MERGER, DOWNSIZING, OR~~  
8 ~~DELICENSING OF A HOSPITAL IN CALCULATING THE FEE, THE HEALTH SERVICES~~  
9 ~~COST REVIEW COMMISSION MAY NOT INCLUDE AN EMPLOYEE WHO IS OFFERED A~~  
10 ~~COMPARABLE OR BETTER POSITION BY THE HOSPITAL AT AN AFFILIATED HOSPITAL~~  
11 ~~LOCATED WITHIN A 30-MILE RADIUS OF THE EMPLOYEE'S PLACE OF RESIDENCE.~~

12           ~~[(2)] (5) The Secretary of Labor, Licensing, and Regulation shall pay the~~  
13 ~~fees received under this [section] SUBSECTION into the Hospital Employees Training Fund~~  
14 ~~established under § 11-201 of the Labor and Employment Article.~~

15 19-120.

16           (1) (5) (i) The Commission shall establish by regulation requirements for  
17 a public informational hearing required under paragraph (2) or (3) of this subsection.

18                           (ii) For a hospital proposing to close, partially close, or convert to a  
19 freestanding medical facility, the regulations shall require the hospital to address:

20                                   1. The reasons for the closure, partial closure, or conversion;

21                                   2. The plan for transitioning acute care services previously  
22 provided by the hospital to residents of the hospital service area;

23                                   3. The plan for addressing the health care needs of the  
24 residents of the hospital service area;

25                                   4. [The] SUBJECT TO SUBPARAGRAPH (III) OF THIS  
26 PARAGRAPH, THE plan for retraining and placing displaced employees;

27                                   5. The plan for the hospital's physical plant and site; and

28                                   6. The proposed timeline for the closure, partial closure, or  
29 conversion to a freestanding medical facility.

30                           (III) THE PLAN REQUIRED UNDER SUBPARAGRAPH (II)4 OF THIS  
31 PARAGRAPH SHALL INCLUDE:

1                   **1. JOB PLACEMENT ASSISTANCE WITH AN AFFILIATED**  
2 **HOSPITAL OR HEALTH CARE ENTITY, AN UNAFFILIATED HOSPITAL OR HEALTH CARE**  
3 **ENTITY, OR A NONHEALTH CARE RELATED POSITION;**

4                   **2. TRAINING AND SKILLS DEVELOPMENT THROUGH**  
5 **PROGRAMS OFFERED BY THE DEPARTMENT OF LABOR, LICENSING, AND**  
6 **REGULATION, THE HOSPITAL OR HEALTH SYSTEM, OR BY OTHER PROGRAMS**  
7 **AVAILABLE TO PROVIDE TRAINING AND SKILLS DEVELOPMENT;**

8                   **3. A REQUIREMENT THAT THE HOSPITAL WORK WITH**  
9 **EMPLOYEES AND, IF APPLICABLE, THE EMPLOYEE REPRESENTATIVE OF THE**  
10 **EMPLOYEES, TO IDENTIFY AVAILABLE AND APPROPRIATE TRAINING OR**  
11 **RETRAINING PROGRAMS THAT MAY BE USED IN ANTICIPATION OF THE CLOSURE,**  
12 **PARTIAL CLOSURE, OR CONVERSION TO A FREESTANDING MEDICAL FACILITY; AND**

13                   **4. AT THE DISCRETION OF THE HEALTH SERVICES COST**  
14 **REVIEW COMMISSION, USE OF:**

15                   **A. § 19-222(G)(3)(I) OF THIS TITLE TO PROVIDE A**  
16 **TEMPORARY ADJUSTMENT OF THE RATES OF THE HOSPITAL INVOLVED IN THE**  
17 **CLOSURE, PARTIAL CLOSURE, OR CONVERSION TO A FREESTANDING MEDICAL**  
18 **FACILITY; OR**

19                   **B. § 19-326.1 OF THIS TITLE.**

20 19-222.

21                   (g) (3) The Commission may provide, as appropriate, for temporary  
22 adjustment of the rates of those hospitals that are directly involved in the merger or  
23 consolidation, closure, or delicensure in order to provide sufficient funds for an orderly  
24 transition. These funds may include:

25                   (i) Allowances for those employees who are or would be displaced;

26 19-326.1.

27                   If a hospital voluntarily closes, merges, or is delicensed under § 19-325 of this  
28 subtitle and workers are displaced:

29                   (1) Each hospital shall pay a fee directly to the Department of Labor,  
30 Licensing, and Regulation. The fee shall not exceed 0.01 percent of the gross operating  
31 revenue for the fiscal year immediately preceding the closure or delicensing of the hospital.  
32 A fee shall only be assessed once for each voluntary closure, merger, or delicensure.

