

SENATE BILL 619

G2, F2

EMERGENCY BILL
ENROLLED BILL

(9lr2510)

— Finance/Health and Government Operations —

Introduced by **Senator Carter**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **University of Maryland Medical System Corporation – Board of ~~Directors~~**

3 **~~Conflicts of Interest, Prestige of Office, and Financial Disclosure~~**

4 **Directors, Ethics, and Performance Audits**

5 FOR the purpose of ~~prohibiting a member of the Board of Directors of the University of~~
6 ~~Maryland Medical System Corporation from being employed by or having a financial~~
7 ~~interest in an entity subject to the authority of the University of Maryland Medical~~
8 ~~System Corporation; prohibiting a member of the Board from intentionally using the~~
9 ~~prestige of office for private gain or the gain of another; altering the financial~~
10 ~~disclosure requirements for certain members of the Board~~ requiring, on or before a
11 certain date, the Board of Directors of the University of Maryland Medical System
12 Corporation to adopt a certain conflict of interest policy; requiring the Board to send
13 a copy of a certain policy to certain persons at certain times; requiring the Board to
14 ensure that the Medical System Corporation continues to be a certain independent
15 corporation; altering the maximum number of members of the Board; requiring

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.

Italics indicate opposite chamber/conference committee amendments.



1 certain members of the Board to be appointed by the Governor with the advice and
2 consent of the Senate of Maryland; repealing a provision of law requiring a certain
3 number of voting members of the Board to be members of the General Assembly;
4 *prohibiting a member of the Board from being a State or local elected official;*
5 authorizing the Governor to appoint certain additional voting members who
6 represent certain hospitals; requiring a certain voting member to be the Governor's
7 designee; adding a certain number of voting members to the Board to be appointed
8 by the President of the Senate and the Speaker of the House; prohibiting a member
9 of the Board from intentionally using the prestige of office for private gain or the
10 gain of another; requiring certain members of the Board annually to submit a certain
11 disclosure statement to the State Health Services Cost Review Commission;
12 requiring certain new members of the Board to submit a certain disclosure within a
13 certain time period; requiring a certain statement to be available to the public on a
14 certain website through a certain registration program under certain circumstances;
15 requiring the Governor to remove a certain member of the Board if the member files
16 a certain false statement; requiring certain statements to be reviewed for compliance
17 with a certain policy by the Board and the compliance officer of the Medical System
18 Corporation; requiring the State Health Services Cost Review Commission annually
19 to send a summary of certain statements to the Governor, the President, and the
20 Speaker; prohibiting the ~~Board~~ *Medical System Corporation* from using sole source
21 procurement to award certain contracts to certain persons; requiring the Governor
22 to remove a certain member of the Board under certain circumstances; prohibiting
23 the ~~Board~~ *Medical System Corporation* from providing a certain preference for the
24 award of certain contracts; *requiring the award of certain contracts or payments to a*
25 *member of the Board or a certain business to be subject to the approval of the full*
26 *Board; requiring the compliance officer of the Medical System Corporation to take*
27 *certain actions before the Corporation awards a certain contract or makes a certain*
28 *payment to a member of the Board; requiring the Board to develop a certain policy*
29 *governing certain contracts and payments; requiring the Board to submit a certain*
30 *report to certain entities on or before a certain date each year; requiring the Medical*
31 *System Corporation to ~~employ a certain independent entity with certain expertise~~*
32 *competitively bid for a certified public accounting firm to conduct a certain*
33 *performance audit of the administrative and financial offices of the Medical System*
34 *Corporation for a certain purpose on or before a certain date; providing that a certain*
35 *audit does not include certain entities; providing that a certain certified public*
36 *accounting firm is ineligible to bid on a certain contract; requiring a certain certified*
37 *public accounting firm to consult with the Joint Audit Committee and the Office of*
38 *Legislative Audits in the development of the scope and objectives of a certain audit at*
39 *a certain time; requiring the Medical System Corporation to submit a certified copy*
40 *of a certain performance audit to the Governor, the President, and the Speaker on or*
41 *before a ~~certain date;~~ certain dates; requiring the Office of Legislative Audits to*
42 *conduct a forensic audit of the Medical System Corporation for certain years that*
43 *includes certain information; requiring the Office of Legislative Audits to submit a*
44 *certain report to certain entities on or before a certain date; requiring the Board to*
45 *conduct a certain internal review and report certain findings and recommendations*
46 *to the Governor, the President, ~~and~~ the Speaker, and the Office of Legislative Audits*
47 *on or before a certain date; requiring the Office of Legislative Audits to review and*

1 comment on a certain report to certain entities; requiring the ~~terms~~ appointments of
 2 certain members of the Board to ~~terminate~~ end on certain dates; authorizing certain
 3 members of the Board to apply for reappointment subject to certain provisions of law
 4 as enacted by this Act; requiring certain members appointed to the Board by the
 5 Governor to be subject to the advice and consent of the Senate during a certain
 6 legislative session; requiring certain members to be considered appointed as of a
 7 certain date and subject to certain requirements; providing that certain members
 8 appointed under a certain provision of law are considered appointed to fill a vacancy
 9 for a certain member's term; providing for the term and reappointment of certain
 10 members appointed to the Board under a certain provision of law as enacted by this
 11 Act; making this Act an emergency measure; making certain conforming changes;
 12 and generally relating to the ~~Board of Directors of the~~ University of Maryland
 13 Medical System Corporation.

14 BY repealing and reenacting, without amendments,
 15 Article – Education
 16 Section 13–301(a), (c), and (m), 13–303(a), and ~~13–304(a) and (b)~~ 13–304(a) and (d)
 17 Annotated Code of Maryland
 18 (2018 Replacement Volume and 2018 Supplement)

19 BY adding to
 20 Article – Education
 21 Section ~~13–304(k)~~ 13–303(m) and (n) and 13–304(k), (l), ~~and (m)~~ (m), (n), and (o)
 22 Annotated Code of Maryland
 23 (2018 Replacement Volume and 2018 Supplement)

24 BY repealing and reenacting, with amendments,
 25 Article – Education
 26 Section ~~13–304(k)~~ 13–304(b), (c), and (k)
 27 Annotated Code of Maryland
 28 (2018 Replacement Volume and 2018 Supplement)

29 ~~BY repealing and reenacting, without amendments,~~
 30 ~~Article – General Provisions~~
 31 ~~Section 5–601(a)~~
 32 ~~Annotated Code of Maryland~~
 33 ~~(2014 Volume and 2018 Supplement)~~

34 ~~BY repealing and reenacting, with amendments,~~
 35 ~~Article – General Provisions~~
 36 ~~Section 5–601(d)~~
 37 ~~Annotated Code of Maryland~~
 38 ~~(2014 Volume and 2018 Supplement)~~

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

Article – Education

13–301.

(a) In this subtitle, unless the context clearly requires otherwise, the following words have the meanings indicated.

(c) “Board of Directors” means the Board of Directors of the Medical System Corporation.

(m) “Medical System Corporation” means University of Maryland Medical System Corporation, a private, nonprofit, nonstock corporation formed under the general corporation laws of this State.

13–303.

(a) Prior to the transfer date:

(1) The Board of Public Works shall approve the articles of incorporation of the Medical System Corporation which shall reflect the requirements of this subtitle; and

(2) The Board of Regents and the Board of Directors shall take all actions necessary to create and organize the Medical System Corporation, which shall be organized for charitable, scientific, and educational purposes and shall attain and maintain exemption from federal income taxation but which shall not be a State agency, political subdivision, public body, public corporation, or municipal corporation and is not subject to any provisions of law affecting only governmental or public entities.

(M) THE BOARD OF DIRECTORS SHALL ENSURE THAT THE MEDICAL SYSTEM CORPORATION CONTINUES TO BE A PRIVATE, NONPROFIT, NONSTOCK CORPORATION THAT IS INDEPENDENT FROM ANY STATE AGENCY.

(N) (1) ON OR BEFORE MAY 31, 2019, THE BOARD OF DIRECTORS SHALL ADOPT A CONFLICT OF INTEREST POLICY FOR MEMBERS OF THE BOARD THAT INCLUDES:

(I) STANDARDS FOR THE DISCLOSURE OF FINANCIAL INTERESTS;

(II) STANDARDS FOR BOARD MEMBER PARTICIPATION IN CONTRACTS WITH THE MEDICAL SYSTEM CORPORATION IN ACCORDANCE WITH THIS SUBTITLE, INCLUDING AN ATTESTATION THAT THE BOARD MEMBER HAS COMPLIED WITH THE CONFLICT OF INTEREST STANDARDS ADOPTED BY THE BOARD;

(III) STANDARDS FOR RECUSAL FROM VOTING;

1 ~~(III)~~ **(IV)** A REQUIREMENT THAT A BOARD MEMBER MAY NOT
 2 USE THE BOARD MEMBER'S POSITION ON THE BOARD FOR PERSONAL GAIN WHEN
 3 CONTRACTING WITH THE MEDICAL SYSTEM CORPORATION; AND

4 ~~(IV)~~ **(V)** A REQUIREMENT THAT A BOARD MEMBER PROVIDE
 5 AN ATTESTATION OF ANY BUSINESS RELATIONSHIP WITH THE MEDICAL SYSTEM
 6 CORPORATION OR ANY AFFILIATE OF THE CORPORATION.

7 **(2)** THE BOARD OF DIRECTORS SHALL SEND A COPY OF THE
 8 CONFLICT OF INTEREST POLICY ADOPTED UNDER PARAGRAPH (1) OF THIS
 9 SUBSECTION TO THE GOVERNOR, THE PRESIDENT OF THE SENATE, AND THE
 10 SPEAKER OF THE HOUSE OF DELEGATES:

11 **(I)** AFTER THE POLICY IS INITIALLY ADOPTED; AND

12 **(II)** EACH TIME A CHANGE IS MADE TO THE POLICY.

13 13-304.

14 (a) The government of the Medical System Corporation is vested in the Board of
 15 Directors.

16 (b) (1) Subject to ~~paragraph~~ **PARAGRAPHS (2) AND (3)** of this subsection, the
 17 Board of Directors consists of 6 nonvoting members and not less than 22 and not more than
 18 ~~27~~ **25** voting members appointed by the Governor **WITH THE ADVICE AND CONSENT OF**
 19 **THE SENATE.**

20 (2) (i) On or after October 1, 2014, the Medical System Corporation may
 21 amend its articles of incorporation to add up to three voting members to the Board of
 22 Directors as the Medical System Corporation determines to be necessary and appropriate.

23 (ii) Nominations of additional voting members shall be made by the
 24 Board of Directors and submitted to the Board of Regents for comment and to the Governor
 25 for consideration.

26 (iii) Any member added to the Board of Directors under
 27 subparagraph (i) of this paragraph shall:

28 1. Represent an entity that affiliates with the Medical
 29 System Corporation on or after October 1, 2014;

30 2. Be appointed by the Governor **WITH THE ADVICE AND**
 31 **CONSENT OF THE SENATE;** and

32 3. Be designated as an affiliate board member.

1 (iv) ~~The voting membership of the Board of Directors may not exceed~~
 2 ~~30 members.~~

3 ~~(v)~~ Nothing in this paragraph may be construed to require the
 4 Medical System Corporation to nominate a representative of an entity that affiliates with
 5 the Medical System Corporation on or after October 1, 2014, to be an additional board
 6 member.

7 **(3) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1) OF THIS**
 8 **SUBSECTION, FOR EACH HOSPITAL THAT AFFILIATES WITH THE MEDICAL SYSTEM**
 9 **ON OR AFTER JUNE 1, 2019, THE GOVERNOR MAY APPOINT AN ADDITIONAL VOTING**
 10 **MEMBER WHO IS A REPRESENTATIVE FROM THE HOSPITAL.**

11 ~~**(k) (1) A MEMBER OF THE BOARD MAY NOT BE EMPLOYED BY OR HAVE A**~~
 12 ~~**FINANCIAL INTEREST IN:**~~

13 ~~**(i) A BUSINESS ENTITY SUBJECT TO THE AUTHORITY OF THE**~~
 14 ~~**MEDICAL SYSTEM CORPORATION OR THE UNIVERSITY SYSTEM OF MARYLAND; OR**~~

15 ~~**(ii) A BUSINESS ENTITY THAT IS ACTIVELY NEGOTIATING A**~~
 16 ~~**CONTRACT, HAS ENTERED INTO A CONTRACT, OR IS A SUBCONTRACTOR ON A**~~
 17 ~~**CONTRACT WITH THE MEDICAL SYSTEM CORPORATION OR THE UNIVERSITY**~~
 18 ~~**SYSTEM OF MARYLAND.**~~

19 ~~**(2) A MEMBER OF THE BOARD MAY NOT INTENTIONALLY USE THE**~~
 20 ~~**PRESTIGE OF OFFICE OR PUBLIC POSITION FOR THAT MEMBER'S PRIVATE GAIN OR**~~
 21 ~~**THAT OF ANOTHER.**~~

22 ~~**(3) A MEMBER OF THE BOARD SHALL FILE A FINANCIAL DISCLOSURE**~~
 23 ~~**STATEMENT IN ACCORDANCE WITH § 5-607 OF THE GENERAL PROVISIONS**~~
 24 ~~**ARTICLE.**~~

25 (c) (1) Each member shall be a resident of this State.

26 **(2) A MEMBER OF THE BOARD MAY NOT BE A STATE OR LOCAL**
 27 **ELECTED OFFICIAL.**

28 ~~**(2)**~~ **(3)** Three voting members shall be members of the Board of Regents.

29 **[(3) Two voting members shall be members of the General Assembly, 1**
 30 **nominated by the President of the Senate and 1 nominated by the Speaker of the House of**
 31 **Delegates.]**

1 ~~(3)~~ (4) ONE VOTING MEMBER SHALL BE THE GOVERNOR'S
2 DESIGNEE.

3 ~~(4)~~ (5) TWO VOTING MEMBERS SHALL BE APPOINTED AS FOLLOWS:

4 (I) ONE APPOINTED BY THE PRESIDENT OF THE SENATE OF
5 MARYLAND; AND

6 (II) ONE APPOINTED BY THE SPEAKER OF THE HOUSE OF
7 DELEGATES.

8 [(4)] ~~(5)~~ (6) At least 1 voting member of the Board shall be appointed by
9 the Governor, upon nomination by the membership of the Community Advisory Council,
10 from the membership of the Community Advisory Council.

11 [(5)] ~~(6)~~ (7) At least 1 voting member of the Board of Directors shall have
12 expertise in the hospital field.

13 [(6)] ~~(7)~~ (8) In appointing the voting members of the Board of Directors,
14 the Governor shall [insure] ENSURE that the composition of the Board fairly represents
15 the minority composition of the State.

16 [(7)] ~~(8)~~ (9) The nonvoting members shall be, ex officio, the Chancellor of
17 the University System of Maryland, the President, the Chief Executive Officer, the Dean of
18 the School of Medicine, the President of the medical staff organization of the medical
19 system, and the Associate Director of nursing services for the medical system.

20 (d) (1) The term of a member is 5 years and begins on the 1st Monday in June
21 of the year of appointment.

22 (2) The terms of members are staggered as required by the terms provided
23 for members of the Board on the transfer date.

24 (3) At the end of a term, a member continues to serve until a successor is
25 appointed and qualifies.

26 (4) A member appointed to fill a vacancy in an unexpired term serves only
27 for the remainder of that term and until a successor is appointed and qualifies.

28 (5) A member may be reappointed, but may not serve more than 2
29 consecutive full terms.

30 (K) A MEMBER OF THE BOARD MAY NOT INTENTIONALLY USE THE
31 PRESTIGE OF OFFICE OR PUBLIC POSITION FOR THAT MEMBER'S PRIVATE GAIN OR
32 THAT OF ANOTHER.

1 (L) (1) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS
2 PARAGRAPH, EACH MEMBER ANNUALLY SHALL SUBMIT A DISCLOSURE OF
3 FINANCIAL INTEREST, INCLUDING ANY POTENTIAL CONFLICTS OF INTEREST, TO
4 THE STATE HEALTH SERVICES COST REVIEW COMMISSION.

5 (II) 1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2 OF
6 THIS SUBPARAGRAPH, THE STATE HEALTH SERVICES COST REVIEW COMMISSION
7 SHALL MAKE FREELY AVAILABLE TO THE PUBLIC ON ITS WEBSITE, THROUGH AN
8 ONLINE REGISTRATION PROGRAM, THE STATEMENT SUBMITTED UNDER
9 SUBPARAGRAPH (I) OF THIS PARAGRAPH.

10 2. THE STATE HEALTH SERVICES COST REVIEW
11 COMMISSION MAY NOT PROVIDE PUBLIC ACCESS TO THE PORTION OF THE
12 STATEMENT THAT INCLUDES AN ADDRESS THAT THE MEMBER HAS IDENTIFIED AS
13 THE MEMBER'S HOME ADDRESS.

14 (III) A NEWLY APPOINTED MEMBER SHALL SUBMIT A
15 DISCLOSURE OF FINANCIAL INTEREST WITHIN 60 DAYS AFTER THE MEMBER'S
16 APPOINTMENT TO THE BOARD.

17 (2) IF THE GOVERNOR DETERMINES THAT A MEMBER HAS
18 WILLFULLY FILED A FALSE STATEMENT UNDER PARAGRAPH (1)(I) OF THIS
19 SUBSECTION, THE GOVERNOR SHALL REMOVE THE MEMBER FROM THE BOARD.

20 (3) THE BOARD OF DIRECTORS AND THE COMPLIANCE OFFICER FOR
21 THE MEDICAL SYSTEM CORPORATION SHALL REVIEW EACH STATEMENT
22 SUBMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION FOR COMPLIANCE WITH
23 THE BOARD'S CONFLICT OF INTEREST POLICY.

24 (4) THE STATE HEALTH SERVICES COST REVIEW COMMISSION
25 ANNUALLY SHALL SEND A SUMMARY OF EACH STATEMENT SUBMITTED UNDER
26 PARAGRAPH (1) OF THIS SUBSECTION TO THE GOVERNOR, THE PRESIDENT OF THE
27 SENATE, AND THE SPEAKER OF THE HOUSE.

28 (M) (1) ~~THE BOARD~~ MEDICAL SYSTEM CORPORATION MAY NOT USE SOLE
29 SOURCE PROCUREMENT TO AWARD A CONTRACT TO AN ACTIVE MEMBER OF THE
30 BOARD OF DIRECTORS OR A BUSINESS ENTITY THAT EMPLOYS OR HAS AN
31 AFFILIATION WITH AN ACTIVE MEMBER.

32 (2) THE GOVERNOR SHALL REMOVE A MEMBER FROM THE BOARD OF
33 DIRECTORS WHO HAS BENEFITED FROM A SOLE SOURCE PROCUREMENT.

1 **(3) THE ~~BOARD~~ MEDICAL SYSTEM CORPORATION MAY NOT PROVIDE**
2 **A PREFERENCE FOR THE AWARD OF A CONTRACT TO AN ACTIVE MEMBER OF THE**
3 **BOARD OF DIRECTORS OR A BUSINESS ENTITY THAT EMPLOYS OR HAS AN**
4 **AFFILIATION WITH AN ACTIVE MEMBER.**

5 **(N) (1) THE AWARD OF A CONTRACT OR THE MAKING OF A PAYMENT TO A**
6 **MEMBER OF THE BOARD OF DIRECTORS OR AN ASSOCIATED BUSINESS OF A MEMBER**
7 **SHALL BE SUBJECT TO THE APPROVAL OF THE FULL BOARD OF DIRECTORS.**

8 **(2) BEFORE THE MEDICAL SYSTEM CORPORATION AWARDS A**
9 **CONTRACT OR MAKES A PAYMENT TO A MEMBER OF THE BOARD OF DIRECTORS, THE**
10 **COMPLIANCE OFFICER SHALL:**

11 **(I) REVIEW THE CONTRACT OR PAYMENT AND ADVISE THE**
12 **MEMBER OF THE BOARD OF DIRECTORS AS TO WHETHER THE CONTRACT OR**
13 **PAYMENT IS APPROPRIATE AND CONSISTENT WITH THE POLICIES OF THE MEDICAL**
14 **SYSTEM CORPORATION; AND**

15 **(II) MAKE A RECOMMENDATION TO THE BOARD OF DIRECTORS**
16 **AS TO WHETHER THE CONTRACT OR PAYMENT SHOULD BE APPROVED OR**
17 **DISAPPROVED BY THE BOARD.**

18 **(O) (1) THE BOARD OF DIRECTORS SHALL DEVELOP A POLICY**
19 **GOVERNING CONTRACTS WITH AND PAYMENTS TO A MEMBER OF THE BOARD OF**
20 **DIRECTORS OR MEMBERS OF THE BOARD OF DIRECTORS OF HOSPITALS AFFILIATED**
21 **WITH THE MEDICAL SYSTEM CORPORATION BY:**

22 **(I) THE MEDICAL SYSTEM CORPORATION; OR**

23 **(II) THE AFFILIATED HOSPITAL.**

24 **(2) ON OR BEFORE DECEMBER 1 EACH YEAR, THE BOARD OF**
25 **DIRECTORS SHALL SUBMIT A REPORT TO THE GOVERNOR AND, IN ACCORDANCE**
26 **WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE PRESIDENT OF THE**
27 **SENATE, THE SPEAKER OF THE HOUSE, THE JOINT AUDIT COMMITTEE, THE SENATE**
28 **FINANCE COMMITTEE, AND THE HOUSE HEALTH AND GOVERNMENT OPERATIONS**
29 **COMMITTEE ON:**

30 **(I) THE POLICY ADOPTED UNDER PARAGRAPH (1) OF THIS**
31 **SUBSECTION; AND**

32 **(II) HOW THE BOARD OF DIRECTORS HAS ENSURED**
33 **COMPLIANCE WITH THE POLICY BY THE AFFILIATED HOSPITALS AND THE MEMBERS**
34 **OF THE BOARD OF DIRECTORS OF THE AFFILIATED HOSPITALS.**

1 ~~[(k)]~~ ~~(L)~~ ~~(N)~~ **(P)** The Chairman of the Board of Directors shall appoint
 2 representatives from the community naturally served by the medical system having
 3 interest in the services of the medical system to 3-year terms as members of a Community
 4 Advisory Council. The Board of Directors shall designate at least one of its members to
 5 meet with the Community Advisory Council and advise the Community Advisory Council
 6 of matters of potential interest. Recommendations of this Community Advisory Council
 7 concerning services offered by the Medical System Corporation and its community
 8 relationships shall be considered by the Board of Directors.

9 **~~Article – General Provisions~~**

10 ~~5-601.~~

11 ~~(a) Except as provided in subsections (b) and (c) of this section, and subject to~~
 12 ~~subsections (d) and (e) of this section, each official and candidate for office as a State official~~
 13 ~~shall file a statement as specified in §§ 5-602 through 5-608 of this subtitle.~~

14 ~~(d) (1) Except as provided in [paragraph] PARAGRAPHS (2) AND (3) of this~~
 15 ~~subsection, an individual who is a public official only as a member of a board and who~~
 16 ~~receives annual compensation that is less than 25% of the lowest annual compensation at~~
 17 ~~State grade level 16 shall file the statement required by subsection (a) of this section in~~
 18 ~~accordance with § 5-600 of this subtitle.~~

19 ~~(2) A member of a board of license commissioners or of a liquor control~~
 20 ~~board shall file a statement in accordance with § 5-607 of this subtitle.~~

21 ~~**(3) A MEMBER OF THE BOARD OF DIRECTORS OF THE MEDICAL**~~
 22 ~~**SYSTEM CORPORATION UNDER § 13-304 OF THE EDUCATION ARTICLE SHALL FILE**~~
 23 ~~**A STATEMENT IN ACCORDANCE WITH § 5-607 OF THIS SUBTITLE.**~~

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

25 (a) (1) ~~On Subject to paragraph (3) of this subsection, on or before May 15,~~
 26 2019, the University of Maryland Medical System Corporation shall ~~employ an~~
 27 ~~independent entity with that has expertise in nonprofit corporate governance and has~~
 28 ~~certified public accountants~~ competitively bid for a certified public accounting firm to
 29 conduct a performance audit consistent with professional auditing standards of the
 30 administrative and financial offices of the University of Maryland Medical System
 31 Corporation to evaluate the efficiency and effectiveness of the financial management
 32 practices, including procurement and contracting processes, of the University of Maryland
 33 Medical System Corporation.

34 (2) The performance audit required under paragraph (1) of this subsection
 35 does not include ~~the administrative and financial offices of the University of Maryland~~

1 ~~Medical System or~~ any subsidiaries or affiliated hospitals of the University of Maryland
2 Medical System Corporation.

3 (3) (i) A certified public accounting firm that provides services to the
4 Medical System Corporation or an affiliated hospital is not eligible to bid on the performance
5 audit contract under paragraph (1) of this subsection.

6 (ii) On the award of the performance audit contract to a certified
7 public accounting firm under paragraph (1) of this subsection and before commencement of
8 the performance audit, the certified public accounting firm shall consult with the Joint Audit
9 Committee and the Office of Legislative Audits in the development of the scope and objectives
10 of the performance audit.

11 (b) (1) On or before December 31, 2019, the University of Maryland Medical
12 System Corporation shall submit a certified copy of the performance audit to the Governor
13 and, in accordance with § 2-1246 of the State Government Article, the President of the
14 Senate and the Speaker of the House.

15 (2) On or before December 31, 2022, the Medical System Corporation shall
16 submit a certified copy of a performance audit conducted during the calendar year 2022 that
17 meets the requirements under subsection (a) of this section to the Governor and, in
18 accordance with § 2-1246 of the State Government Article, the President of the Senate and
19 the Speaker of the House.

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

21 (a) The Office of Legislative Audits shall conduct a forensic audit of the University
22 of Maryland Medical System Corporation for the calendar years 2016 through the effective
23 date of this Act or earlier as deemed appropriate by the Office of Legislative Audits that:

24 (1) identifies all of the members of the Board of Directors of the Medical
25 System Corporation and each member's associated businesses;

26 (2) obtains all disbursement records from the Medical System Corporation;

27 (3) identifies all contracts with or payments to the members of the Board of
28 Directors and a member's associated businesses;

29 (4) identifies the basis for the procurement and the Medical System
30 Corporation official and department that initiated and approved the payment;

31 (5) identifies the procurement method used and tests for propriety of the
32 procurement, including whether it was conducted in accordance with a formal Medical
33 System Corporation policy and whether the full Board of Directors approved the contract or
34 payment;

1 (6) evaluate whether all proper steps were taken and, if a payment or
 2 contract was sole source, whether the rationale was documented and supportable; and

3 (7) evaluate whether the contract or payment made to a member of the
 4 Board of Directors or the member's associated business was monitored effectively to ensure
 5 that all deliverables paid for were provided.

6 (b) (1) On or before December 15, 2019, the Office of Legislative Audits shall
 7 report to the Governor and, in accordance with § 2-1246 of the State Government Article,
 8 the President of the Senate, the Speaker of the House, the Joint Audit Committee, the Senate
 9 Finance Committee, and the House Health and Government Operations Committee on the
 10 findings of the forensic audit conducted under this section.

11 (2) The report required under paragraph (1) of this subsection shall include
 12 any recommendations by the Office of Legislative Audits regarding how best to evaluate the
 13 procurement and contracting processes and any contracts with and payments to University
 14 of Maryland Medical System affiliated hospitals and members of the Board of Directors of
 15 the Medical System Corporation or the members of the boards of directors of the affiliated
 16 hospitals.

17 SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That ~~the~~:

18 (a) The Board of Directors of the University of Maryland Medical System
 19 Corporation shall:

20 (1) conduct an internal review of the Board's policies and procedures,
 21 including policies for enforcing statutory limits on consecutive terms of appointment for
 22 members and continued service after the expiration of a members term; and

23 (2) on or before December 31, 2019, report the findings and any
 24 recommendations for improvements to the policies and procedures of the Board to the
 25 Governor and, in accordance with § 2-1246 of the State Government Article, the President
 26 of the Senate ~~and~~, the Speaker of the House, and the Office of Legislative Audits.

27 (b) The Office of Legislative Audits shall review and comment on the report
 28 submitted under subsection (a) of this section to the Joint Audit Committee, the Senate
 29 Finance Committee, and the House Health and Government Operations Committee.

30 SECTION ~~4~~ 5. AND BE IT FURTHER ENACTED, That:

31 (a) The ~~terms~~ appointment of the members of the Board of Directors of the
 32 University of Maryland Medical System Corporation who are in office on the effective date
 33 of this Act shall ~~terminate~~ end as follows:

34 (1) the ~~terms~~ appointment of approximately one-third of the members of
 35 the Board shall ~~terminate~~ end on July 1, 2019;

1 (2) the ~~terms~~ appointment of approximately one-third of the members of
2 the Board shall ~~terminate~~ end on October 1, 2019; and

3 (3) the ~~terms~~ appointment of the remaining members of the Board shall
4 ~~terminate~~ end on January 1, 2020.

5 (b) (1) Subject to the provisions of § 13-301 of the Education Article, as
6 enacted by Section 1 of this Act, a member of the Board whose ~~term is terminated~~
7 appointment ends under subsection (a) of this section may apply for reappointment.

8 (2) The appointment of a member under paragraph (1) of this subsection
9 who is appointed by the Governor is subject to the advice and consent of the Senate during
10 the legislative session immediately following the date of appointment.

11 (3) A member reappointed under this subsection shall be considered
12 appointed on the date of the member's initial appointment and is subject to the
13 requirements of § 13-304(d) of the Education Article.

14 (4) A new member appointed under this subsection shall be considered
15 appointed to fill a vacancy and shall serve for the remainder of the term of the member who
16 was not reappointed under this subsection.

17 SECTION 6. AND BE IT FURTHER ENACTED, That the terms of the members
18 appointed to the Board of Directors of the University of Maryland Medical System
19 Corporation under § 13-304(c)(4) and (5) of the Education Article as enacted by Section 1 of
20 this Act:

21 (1) shall be for a term of 5 years from the date of appointment; and

22 (2) may be reappointed but may not serve more than two consecutive 5-year
23 terms.

24 SECTION ~~2~~ ~~5~~ 7. AND BE IT FURTHER ENACTED, That this Act ~~shall take effect~~
25 October 1, 2019 is an emergency measure, is necessary for the immediate preservation of
26 the public health or safety, has been passed by a yea and nay vote supported by three-fifths
27 of all the members elected to each of the two Houses of the General Assembly, and shall
28 take effect from the date it is enacted.