SB 1018

Department of Legislative Services

Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 1018 (Senator Hershey)

Finance Health and Government Operations

Health Facilities - Chestertown Rural Health Care Delivery Innovations Pilot Program

This bill establishes the Chestertown Rural Health Care Delivery Innovations Pilot Program within the Maryland Department of Health (MDH). MDH, the Maryland Health Care Commission (MHCC), and the Health Services Cost Review Commission (HSCRC) must jointly administer the pilot program in collaboration with University of Maryland Shore Regional Health (UMSRH). MDH must submit a specified report to the Governor and General Assembly by December 1, 2024. **The bill terminates September 30, 2030.**

Fiscal Summary

State Effect: General fund expenditures increase by $129,800 in FY 2020 for staff; out-years primarily reflect annualization. Special fund expenditures increase by $100,000 annually beginning in FY 2020 for contractual support, as discussed below. Additional types of support that must be *explored* are not reflected below. Revenues are not affected.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	$0	$0	$0	$0	$0
GF Expenditure	129,800	160,000	165,300	171,000	176,800
SF Expenditure	100,000	100,000	100,000	100,000	100,000
Net Effect	($229,800)	($260,000)	($265,300)	($271,000)	($276,800)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Kent County can participate in the advisory committee with existing resources. Local government revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: The purpose of the pilot program is to promote innovative solutions for a sustainable future for inpatient care in rural areas, satisfy the strict requirements for hospital-based care, and ensure alignment between the pilot program and the State's focus on the leadership role of hospitals in working to improve community health and in continuing to provide community benefits.

Pilot Program Requirements

The pilot program must (1) use specified data from State regulatory agencies to define the hospital-based inpatient and surgical services needed at the University of Maryland Shore Medical Center at Chestertown (UMSMCC); (2) clearly define transportation requirements and the mechanism for safe and timely transport of patients to a higher level of care; (3) establish a payment model that ensures the availability of needed services as determined by data from State regulatory agencies and from UMSRH, with an annual budget established collaboratively between UMSRH and HSCRC; (4) identify and address regulatory barriers impacting the continuum of care and fiscal solvency of rural hospitals; and (5) seek innovative approaches to address local issues.

Financial Support

During the pilot program, MDH must explore providing additional financial support to UMSMCC through the pilot program, including direct funding, or funding from other sources, for specified investment costs.

Administration and Advisory Committee

MDH, in collaboration with UMSRH, must employ a director at UMSMCC to administer the pilot program. The Secretary of Health must appoint an advisory committee (including specified members) to provide advice at least quarterly to the director and to UMSRH. The duties and responsibilities of the director and advisory committee may not be construed to affect, preempt, or prevail over the authority of the board of directors of UMSRH.

Required Reports

By December 1, 2024, MDH must report to the Governor and the General Assembly on (1) the activities and findings from the initial five years of the pilot program; (2) recommendations for any modifications that should be made for the next five-year term; (3) recommendations for policy changes that should be adopted for inpatient facilities that are located specified distances from the nearest hospital; and (4) whether MDH recommends continuing the pilot program for an additional five years.

If the pilot program continues for an additional five-year term, by December 1, 2029, MDH must report to the Governor and the General Assembly on (1) the activities and findings from the subsequent five years of the pilot program and (2) whether MDH recommends establishing the pilot program as a permanent program.

Current Law/Background:

Workgroup on Rural Health Care Delivery

Chapter 420 of 2016 established a workgroup on rural health care delivery to oversee a study of health care delivery in the mid-shore region (Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties) and to develop a plan for meeting the health care needs of the area. Among other recommendations, the workgroup's October 2017 report recommended establishing a rural health collaborative to oversee the development and establishment of a rural community health complex program in order to:

- identify needs for the region, including the pockets of special needs within counties;
- develop strategic directions for improvement of health in the region;
- work with health systems and independent providers to integrate clinical health needs with social, behavioral, and environmental needs that impact health and clinical outcomes;
- manage data collection and analysis;
- collaborate with other community organizations and health systems in seeking grant funds to improve health within the region;
- work with health care organizations' collaborations in sharing services and staff across jurisdictional lines for economies of scale; and
- integrate the work of local organizations into broader regional initiatives.

Rural Health Collaborative Pilot

Chapter 606 of 2018 established the Rural Health Collaborative Pilot as an independent unit within MDH to:

- lead a regional partnership in building a rural health system that enhances access to and utilization of health care services designed to meet the triple aim of (1) providing health care; (2) alignment with the State's Medicare waiver; and (3) improving population health;
- mediate disputes between stakeholders;
- assist in collaboration among health care service providers in the mid-shore region;

- increase the awareness among county officials and residents regarding the health status, health needs, and available resources in the mid-shore region; and
- enhance rural economic development in the mid-shore region.

The collaborative is required to direct the establishment of rural health complexes (community-based ambulatory care or inpatient care settings that integrate primary care and other health care services determined to be essential by the collaborative) by (1) assessing the needs of communities in the mid-shore region that lack access to essential community-based primary care, behavioral health, specialty care, or dental care services; (2) identifying care delivery models that have the potential to reduce deficits in care; and (3) convening health and hospital systems, community organizations, and local stakeholders to build consensus on the appropriate scale of a rural health complex.

The Secretary of Health must approve a rural health complex (1) recommended by the collaborative; (2) that meets the standards and criteria established by the collaborative; and (3) if the rural health complex demonstrates that it meets established standards and criteria.

By December 1, 2020, the collaborative must report to the Governor and the General Assembly on the standards and criteria that a community must meet to establish a "rural health complex." By December 1, 2021, and annually thereafter, the collaborative must report to the Governor and General Assembly on its activities regarding health care delivery in the mid-shore region.

State Expenditures:

General Fund Expenditures

General fund expenditures increase by $129,820 in fiscal 2020, which accounts for the bill's October 1, 2019 effective date. This estimate reflects the cost of one program director, as required under the bill, and one administrative support position. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2.0
Salaries and Fringe Benefits	$119,102
One-time Start-up Costs	9,780
Ongoing Operating Expenses	938
Total FY 2020 General Fund Expenditures	**$129,820**

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses.

Special Fund Expenditures

Special fund expenditures increase by a total of $100,000 annually beginning in fiscal 2020 for MHCC and HSCRC to hire contractual support to assist with the operation of the pilot program. MHCC estimates that contractual support from a firm with data analytics and financial expertise in the certificate of need program at an annual cost of $50,000 will be necessary to support the pilot program. Similarly, HSCRC estimates that contractual support from a firm with experience in hospital financing at an annual cost of $50,000 will be necessary. Other elements of the pilot program, such as the development of a new payment model, negotiating rates for the facility, defining transportation requirements, and defining regulated and unregulated services, can be handled by MHCC and HSCRC with existing budgeted resources.

Other Possible Expenditures

This analysis does not reflect any additional financial support to UMSMCC for specified investment costs that must be explored (and may be provided) as specified under the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Kent and Queen Anne's County; University of Maryland Medical System; Maryland Department of Health; Department of Legislative Services

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