

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 838
(Delegate Hill, *et al.*)
Health and Government Operations

Unregulated Space in Hospital Operating Suites Pilot Project Study

This bill requires the Health Services Cost Review Commission (HSCRC), in conjunction with the Maryland Health Care Commission and other relevant stakeholders, to study the feasibility and desirability of allowing for an unregulated space in a hospital operating room suite as a pilot project. HSCRC must report the findings of the study to the Senate Finance Committee and the House Health and Government Operations Committee of the General Assembly by June 30, 2021. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: HSCRC can conduct the required study with existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The required study must examine:

- the availability of operating room space for elective, self-paying patients that ensures safe and appropriate care for patients at higher risk or who need a higher level of immediate post-surgical care;
- HSCRC's current authority to accomplish differential pricing for services covered by payers and the use of unregulated services;

- factors related to the mixing of regulated and unregulated space at a hospital;
- appropriate adjustments to a hospital's global budget revenue target;
- the number of hospital participants in the pilot project in the context of the All-Payer Model Contract;
- the implications of the pilot project on quality of care and how the quality of the services provided under the pilot project will be ensured;
- possible criteria and standards for hospital participation in the pilot project; and
- any other implications of the pilot project that should be considered.

Current Law/Background: HSCRC is an independent commission within the Maryland Department of Health that was established to contain hospital costs, maintain fairness in hospital payment, provide access to hospital care, and disclose information on the operation of hospitals in the State.

Under the Total Cost of Care Model (TCOC), the successor to the Maryland All-Payer Model Contract, hospital population-based revenues (commonly referred to as global budgets) are regulated by HSCRC. Generally, HSCRC has the authority to test alternative methods of rate determination. Under the general goals of TCOC, which went into effect January 1, 2019, as services are shifted out of hospital facilities toward locations of care that are often lower cost, HSCRC must adjust hospital global budgets to account for the decreases in volume in regulated space.

Additional Information

Prior Introductions: HB 940 of 2019 as amended in the House was further amended in the Senate, but the differences were not reconciled.

Designated Cross File: None.

Information Source(s): Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2020
mr/jc

Analysis by: Amberly Holcomb

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