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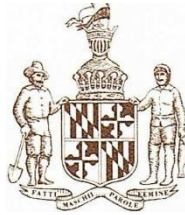
Health and Government Operations Committee

Subcommittees

Public Health and Minority Health Disparities, Chair

Elder and Long-Term Care

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THE MARYLAND GENERAL ASSEMBLY

ANNAPOLIS, MARYLAND 21401

HB1597 -Health - Unregulated Space in Hospital Operating Suites - Pilot Project

March 17, 2026

Chair Bagnall, Vice-Chair Cullison and Members of the Health Committee,

HB1597 establishes a three-year pilot project that would allow up to five hospitals in Maryland to allow performance of unregulated procedures within regulated (hospital) operating room space. The impetus for this legislation is to better ensure that patient's receiving noncovered elective surgical procedures have access to the safest and best facilities for the procedures to be performed and that the decision are not based on charging restrictions imposed on hospitals and their use of regulated operating room space. As our health care landscape continues to evolve, we must continually re-evaluate our systems to be sure they are adequately serving the dual goals of optimizing patient outcomes and minimizing health care costs.

Ambulatory and freestanding surgical centers generally operate with greater efficiency and lower costs than hospital operating rooms. As the ability to perform procedures of increasing complexity in outpatient and ambulatory center has advanced, there has been a tendency to determine the appropriateness of the operative setting on the diagnoses and procedures with less consideration of individual patient comorbidities which may make a hospital setting more appropriate. Because Maryland's unique rate-setting system restricts hospitals' flexibility to adapt to these changes. House Bill 1597 is designed to explore whether providing limited flexibility within hospitals can help improve efficiency while maintaining the protections our system provides. Such a pilot has been previously considered and was bypassed in favor of a survey following COVID pandemic priority adjustments. The continuing need to support right-patient/right-procedure/right-location procedure is even more urgent as the state moves into the AHEAD model with attendant uncertainties.

The July 14, 2020 Health Services Cost Review Commission's Report on Unregulated Space in Hospital Operating Suites Pilot Project examined the extent of the problem and possible solutions.

HB1597 would authorize a pilot, administered by the Health Services Cost Review Commission, to evaluate and compare the type and number of cases carried out in both types of facilities and what, if any, health impacts result. It would require voluntary sharing of information by Ambulatory Surgical Centers into which the HSCRC has no eyes, and include an assessment as to how the findings might inform choices to be made within the design of Maryland's AHEAD Model.

HB1597 tests an alternative approach to optimize surgical care delivery. I respectfully urge a favorable report.

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