

HOUSE BILL 1587

J3

(8lr3415)

ENROLLED BILL

—Appropriations and Health and Government Operations / Finance—

Introduced by ~~Delegate Hammen~~ Delegates Hammen, Beitzel, Benson, Costa, Donoghue, Elliott, Hubbard, Kach, Kipke, Kullen, McDonough, Mizeur, Montgomery, Morhaim, Nathan-Pulliam, Oaks, Pena-Melnyk, Pendergrass, Reznik, Riley, Tarrant, V. Turner, and Weldon

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.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Health Services Cost Review Commission - Averted Uncompensated Care -**
3 **Assessment**

4 FOR the purpose of ~~authorizing~~ requiring the Health Services Cost Review
5 Commission to assess a certain amount in hospital rates to reflect a certain
6 reduction in hospital uncompensated care and to operate and administer the
7 Maryland Health Insurance Plan; requiring, for the portion of the assessment
8 related to a certain expansion of health care coverage, ~~requiring~~
9 Commission to ensure that the assessment amount not exceed certain savings
10 and requiring each hospital to remit its assessment amount to the Health Care
11 Coverage Fund; requiring any savings not subject to the assessment to be
12 shared among certain purchasers; requiring, for the portion of the assessment

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 related to the Maryland Health Insurance Plan, ~~requiring~~ the Commission to
 2 ensure the assessment is ~~revenue neutral to each hospital and~~ included in the
 3 reasonable costs of each hospital when establishing the hospital's rates, is not
 4 considered in making certain determinations, and is not less than a certain
 5 percentage of net patient revenue; requiring each hospital to remit certain
 6 amounts to the Maryland Health Insurance Plan Fund at certain intervals;
 7 prohibiting a certain assessment from exceeding a certain percentage of certain
 8 hospital revenue; providing that funds generated from the assessment may be
 9 used only for certain purposes; requiring the Commission to report certain
 10 information to the Governor and General Assembly on or before a certain date
 11 each year; repealing requirements for the Commission to determine certain
 12 savings and assess a certain amount in hospital rates; repealing certain
 13 requirements related to an assessment on hospitals for the operation and
 14 administration of the Maryland Health Insurance Plan; requiring the Maryland
 15 Health Care Commission to report certain information to the Governor and
 16 General Assembly on or before a certain date each year; establishing the intent
 17 of the General Assembly with regard to Medicaid day limits on hospital
 18 services; ~~requiring that~~ authorizing funds generated from the a certain
 19 assessment under this Act be used only for certain purposes to be used for a
 20 certain purpose notwithstanding certain provisions of law; requiring the Health
 21 Services Cost Review Commission to ensure that a certain assessment does not
 22 exceed certain savings; requiring this Act to be abrogated under certain
 23 circumstances; altering a certain statutory reference; and generally relating to a
 24 Health Services Cost Review Commission assessment on hospitals.

25 BY repealing

26 Article – Health – General

27 Section 19–214(d)

28 Annotated Code of Maryland

29 (2005 Replacement Volume and 2007 Supplement)

30 (As enacted by Chapter 7 of the Acts of the General Assembly of the 2007

31 Special Session)

32 BY adding to

33 Article – Health – General

34 Section 19–214(d) and (e)

35 Annotated Code of Maryland

36 (2005 Replacement Volume and 2007 Supplement)

37 (As enacted by Chapter 7 of the Acts of the General Assembly of the 2007

38 Special Session)

39 BY repealing

40 Article – Health – General

41 Section 19–219(d) and (e)

42 Annotated Code of Maryland

43 (2005 Replacement Volume and 2007 Supplement)

1 BY repealing and reenacting, without amendments,
2 Article – Insurance
3 Section 14–504(a)(1)
4 Annotated Code of Maryland
5 (2006 Replacement Volume and 2007 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article – Insurance
8 Section 14–504(b)
9 Annotated Code of Maryland
10 (2006 Replacement Volume and 2007 Supplement)

11 BY repealing and reenacting, without amendments,
12 Article – Insurance
13 Section 15–12A–01(a) and (f)
14 Annotated Code of Maryland
15 (2005 Replacement Volume and 2007 Supplement)
16 (As enacted by Chapter 7 of the Acts of the General Assembly of the 2007
17 Special Session)

18 BY repealing and reenacting, with amendments,
19 Article – Insurance
20 Section 15–12A–05
21 Annotated Code of Maryland
22 (2005 Replacement Volume and 2007 Supplement)
23 (As enacted by Chapter 7 of the Acts of the General Assembly of the 2007
24 Special Session)

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

27 **Article – Health – General**

28 19–214.

29 [(d) (1) On or after July 1, 2009, if the expansion of health care coverage
30 under Chapter 7 of the Acts of the General Assembly of the 2007 Special Session
31 reduces hospital uncompensated care, the Commission:

32 (i) Shall determine the savings realized in averted
33 uncompensated care for each hospital individually; and

34 (ii) May assess an amount in each hospital's rates equal to a
35 portion of the savings realized in averted uncompensated care for that hospital.

36 (2) The Commission shall ensure that any savings realized in averted
37 uncompensated care not subject to the assessment under paragraph (1) of this

1 subsection be shared among purchasers of hospital services in a manner that the
2 Commission determines is most equitable.

3 (3) Each hospital shall remit any assessment under this subsection to
4 the Health Care Coverage Fund established under § 15-701 of this article.]

5 (D) (1) ~~THE~~ EACH YEAR, THE COMMISSION ~~MAY~~ SHALL ASSESS A
6 UNIFORM, BROAD-BASED, AND REASONABLE AMOUNT IN HOSPITAL RATES TO:

7 (I) REFLECT THE AGGREGATE REDUCTION IN HOSPITAL
8 UNCOMPENSATED CARE REALIZED FROM THE EXPANSION OF HEALTH CARE
9 COVERAGE UNDER CHAPTER 7 OF THE ACTS OF THE 2007 SPECIAL SESSION OF
10 THE GENERAL ASSEMBLY; AND

11 (II) OPERATE AND ADMINISTER THE MARYLAND HEALTH
12 INSURANCE PLAN ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THE
13 INSURANCE ARTICLE.

14 (2) (I) FOR THE PORTION OF THE ASSESSMENT UNDER
15 PARAGRAPH (1)(I) OF THIS SUBSECTION:

16 1. THE COMMISSION SHALL ENSURE THAT THE
17 ASSESSMENT AMOUNT DOES NOT EXCEED THE SAVINGS REALIZED IN AVERTED
18 HOSPITAL UNCOMPENSATED CARE FROM THE HEALTH CARE COVERAGE
19 EXPANSION; AND

20 2. EACH HOSPITAL SHALL REMIT ITS ASSESSMENT
21 AMOUNT TO THE HEALTH CARE COVERAGE FUND ESTABLISHED UNDER §
22 15-701 OF THIS ARTICLE.

23 (II) ANY SAVINGS REALIZED IN AVERTED UNCOMPENSATED
24 CARE AS A RESULT OF THE EXPANSION OF HEALTH CARE COVERAGE UNDER
25 CHAPTER 7 OF THE ACTS OF THE 2007 SPECIAL SESSION OF THE GENERAL
26 ASSEMBLY THAT ARE NOT SUBJECT TO THE ASSESSMENT UNDER PARAGRAPH
27 (1)(I) OF THIS SUBSECTION SHALL BE SHARED AMONG PURCHASERS OF
28 HOSPITAL SERVICES IN A MANNER THAT THE COMMISSION DETERMINES IS
29 MOST EQUITABLE.

30 (3) FOR THE PORTION OF THE ASSESSMENT UNDER PARAGRAPH
31 (1)(II) OF THIS SUBSECTION:

32 (I) THE COMMISSION SHALL ENSURE THAT THE
33 ASSESSMENT:

1 ~~1. SHALL BE REVENUE NEUTRAL TO EACH~~
2 ~~HOSPITAL; AND~~

3 1. SHALL BE INCLUDED IN THE REASONABLE COSTS
4 OF EACH HOSPITAL WHEN ESTABLISHING THE HOSPITAL'S RATES;

5 2. MAY NOT BE CONSIDERED IN DETERMINING THE
6 REASONABLENESS OF RATES OR HOSPITAL FINANCIAL PERFORMANCE UNDER
7 COMMISSION METHODOLOGIES; AND

8 3. MAY NOT BE LESS AS A PERCENTAGE OF NET
9 PATIENT REVENUE THAN THE ASSESSMENT OF .8128% THAT WAS IN EXISTENCE
10 ON JULY 1, 2007; AND

11 (II) EACH HOSPITAL SHALL REMIT MONTHLY
12 ONE-TWELFTH OF THE AMOUNT ASSESSED UNDER PARAGRAPH (1)(II) OF THIS
13 SUBSECTION TO THE MARYLAND HEALTH INSURANCE PLAN FUND
14 ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THE INSURANCE ARTICLE, FOR
15 THE PURPOSE OF OPERATING AND ADMINISTERING THE MARYLAND HEALTH
16 INSURANCE PLAN.

17 (4) THE ASSESSMENT AUTHORIZED UNDER PARAGRAPH (1) OF
18 THIS SUBSECTION MAY NOT EXCEED 3% IN THE AGGREGATE OF ANY HOSPITAL'S
19 TOTAL NET REGULATED PATIENT REVENUE.

20 (5) FUNDS GENERATED FROM THE ASSESSMENT UNDER THIS
21 SUBSECTION MAY BE USED ONLY TO:

22 (I) SUPPLEMENT COVERAGE UNDER THE MEDICAL
23 ASSISTANCE PROGRAM BEYOND THE ELIGIBILITY REQUIREMENTS IN
24 EXISTENCE ON JANUARY 1, 2008; AND

25 (II) PROVIDE FUNDING FOR THE OPERATION AND
26 ADMINISTRATION OF THE MARYLAND HEALTH INSURANCE PLAN.

27 (E) ON OR BEFORE JANUARY 1 EACH YEAR, THE COMMISSION SHALL
28 REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE
29 STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY THE FOLLOWING
30 INFORMATION:

31 (1) THE AGGREGATE REDUCTION IN HOSPITAL UNCOMPENSATED
32 CARE REALIZED FROM THE EXPANSION OF HEALTH CARE COVERAGE UNDER
33 CHAPTER 7 OF THE ACTS OF THE GENERAL ASSEMBLY OF THE 2007 SPECIAL
34 SESSION; AND

1 **(2) THE NUMBER OF INDIVIDUALS WHO ENROLLED IN MEDICAID**
2 **AS A RESULT OF THE CHANGE IN ELIGIBILITY STANDARDS UNDER § ~~15-103(IX)~~**
3 **15-103(A)(2)(IX) AND (X) OF THE HEALTH - GENERAL ARTICLE AND THE**
4 **EXPENSES ASSOCIATED WITH THE UTILIZATION OF HOSPITAL INPATIENT CARE**
5 **BY THESE INDIVIDUALS.**

6 19-219.

7 [(d) (1) In this subsection, “base hospital rate” means the aggregate value
8 to participating commercial health insurance carriers of the substantial, available, and
9 affordable coverage purchaser differential as determined by the Commission for the
10 calendar year 2002.

11 (2) The Commission, in accordance with this subsection, shall
12 calculate the amount of funds necessary to operate and administer the Maryland
13 Health Insurance Plan established under Title 14, Subtitle 5 of the Insurance Article.

14 (3) (i) The Commission shall determine the percentage of total net
15 patient revenue received in calendar year 2002 by all hospitals for which the
16 Commission approved hospital rates that is represented by the base hospital rate.

17 (ii) The percentage under subparagraph (i) of this paragraph
18 shall be determined by dividing the base hospital rate by the total net patient revenue
19 received in calendar year 2002 by all hospitals for which the Commission approved
20 hospital rates.

21 (4) On or before May 1 of each year, the Commission shall:

22 (i) Determine the amount of funding to allocate to the
23 Maryland Health Insurance Plan by multiplying the percentage determined under
24 paragraph (3) of this subsection by the value of the total net patient revenues received
25 in the immediately preceding State fiscal year by all hospitals for which rates were
26 approved by the Commission; and

27 (ii) Determine the share of total funding owed by each hospital
28 for which rates have been approved by the Commission proportionate to the
29 percentage of the base hospital rate attributable to each hospital.

30 (5) Each hospital shall remit monthly one-twelfth of the amount
31 determined under paragraph (4)(ii) of this subsection to the Maryland Health
32 Insurance Plan Fund.]

33 [(e) (1) The Commission shall adjust hospital rates to ensure that the
34 assessment collected under subsection (d) of this section is revenue neutral to each
35 hospital.

1 15-12A-05.

2 On or before January 1, 2009, and annually thereafter, the Commission shall
 3 report to the Governor and, in accordance with § 2-1246 of the State Government
 4 Article, the General Assembly on:

5 (1) the implementation of the Program; AND

6 (2) **THE UNCOMPENSATED CARE SAVINGS DERIVED FROM THE**
 7 **PROGRAM AND THE METHODOLOGY USED BY THE COMMISSION TO TRACK THE**
 8 **UNCOMPENSATED CARE SAVINGS.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
 10 General Assembly that the Department of Health and Mental Hygiene policy of
 11 imposing Medicaid day limits on hospital services shall cease effective July 1, 2008.

12 SECTION 3. AND BE IT FURTHER ENACTED, That ~~funds generated from the~~
 13 ~~assessment under this Act may be used only to:~~

14 (1) ~~supplement coverage under the Medical Assistance Program~~
 15 ~~beyond the eligibility requirements in existence on January 1, 2008;~~

16 (2) ~~provide funding for the Maryland Health Insurance Plan;~~
 17 ~~and~~

18 (3) ~~assist in eliminating Medicaid day limits on hospital~~
 19 ~~services effective July 1, 2008 notwithstanding § 19-214(d)(1), (2), and (5) of the~~
 20 Health – General Article, as enacted by Section 1 of this Act, § 15-701 of the Health –
 21 General Article, or a delay in the expansion of health care coverage beyond July 1,
 22 2008, under Chapter 7 of the Acts of the General Assembly of the 2007 Special
 23 Session:

24 (1) funds generated from the assessment under § 19-214(d)(1)(i) of the
 25 Health – General Article, as enacted by Section 1 of this Act, may be used to pay for
 26 the elimination of Medicaid day limits on hospital services for the period of July 1,
 27 2008, through December 31, 2008; and

28 (2) the Health Services Cost Review Commission shall ensure that the
 29 assessment under § 19-214(d)(1)(i) of the Health – General Article, as enacted by
 30 Section 1 of this Act, does not exceed the savings realized in averted hospital
 31 uncompensated care from:

32 (i) the health care coverage expansion; and

1 (ii) the elimination of Medicaid day limits on hospital services
2 for the period of July 1, 2008, through December 31, 2008.

3 SECTION 4. AND BE IT FURTHER ENACTED, That if the State's Medicare
4 waiver under § 1814(b) of the federal Social Security Act terminates or the provisions
5 of 42 C.F.R. 433.68 are changed to prohibit the assessment authorized under this Act,
6 this Act shall be abrogated and of no further force and effect.

7 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 July 1, 2008.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.