

SENATE BILL 593

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CF HB 699

By: **Senators Garagiola, King, Pipkin, Colburn, Della, Exum, Forehand,
Glassman, Kelley, Kittleman, Klausmeier, and Pugh**

Introduced and read first time: February 5, 2010

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Facilities – Freestanding Medical Facilities – Rates**

3 FOR the purpose of specifying that certain emergency services include services
4 provided at certain facilities for the purposes of hospital rate setting; requiring
5 the Health Services Cost Review Commission to set rates for hospital services
6 provided at certain freestanding medical facilities; requiring certain payors to
7 pay claims submitted by freestanding medical facilities at rates set by the
8 Commission; declaring the intent of the General Assembly; requiring the
9 Commission to report to the General Assembly on or before a certain date on
10 rates established under this Act; and generally relating to freestanding medical
11 facilities.

12 BY repealing and reenacting, without amendments,
13 Article – Health – General
14 Section 19–201(a), (b), and (c)
15 Annotated Code of Maryland
16 (2009 Replacement Volume)

17 BY repealing and reenacting, with amendments,
18 Article – Health – General
19 Section 19–201(d), 19–211, and 19–3A–07
20 Annotated Code of Maryland
21 (2009 Replacement Volume)

22 BY adding to
23 Article – Health – General
24 Section 19–3A–08
25 Annotated Code of Maryland
26 (2009 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Health – General**

4 19–201.

5 (a) In this subtitle the following words have the meanings indicated.

6 (b) “Commission” means the State Health Services Cost Review Commission.

7 (c) “Facility” means, whether operated for a profit or not:

8 (1) Any hospital; or

9 (2) Any related institution.

10 (d) (1) “Hospital services” means:

11 (i) Inpatient hospital services as enumerated in Medicare
12 Regulation 42 C.F.R. § 409.10, as amended;

13 (ii) Emergency services, **INCLUDING SERVICES PROVIDED AT**
14 **FREESTANDING MEDICAL FACILITIES AND FREESTANDING MEDICAL FACILITY**
15 **PILOT PROJECTS LICENSED UNDER SUBTITLE 3A OF THIS TITLE;**

16 (iii) Outpatient services provided at the hospital; and

17 (iv) Identified physician services for which a facility has
18 Commission–approved rates on June 30, 1985.

19 (2) “Hospital services” does not include:

20 (i) Outpatient renal dialysis services; or

21 (ii) Outpatient services provided at a limited service hospital as
22 defined in § 19–301 of this title, except for emergency services.

23 19–211.

24 (a) (1) Except for a facility that is operated or is listed and certified by the
25 First Church of Christ, Scientist, Boston, Massachusetts, the Commission has
26 jurisdiction over hospital services offered by or through all facilities.

27 (2) The jurisdiction of the Commission over any identified physician
28 service shall terminate for a facility on the request of the facility.

1 (3) The rate approved for an identified physician service may not
2 exceed the rate on June 30, 1985, adjusted by an appropriate index of inflation.

3 (b) The Commission may not set rates for related institutions until:

4 (1) State law authorizes the State Medical Assistance Program to
5 reimburse related institutions at Commission rates; and

6 (2) The United States Department of Health and Human Services
7 agrees to accept Commission rates as a method of providing federal financial
8 participation in the State Medical Assistance Program.

9 **(c) THE COMMISSION SHALL SET RATES FOR HOSPITAL SERVICES**
10 **PROVIDED AT A FREESTANDING MEDICAL FACILITY LICENSED UNDER SUBTITLE**
11 **3A OF THIS TITLE, INCLUDING AT A FREESTANDING MEDICAL FACILITY PILOT**
12 **PROJECT ESTABLISHED UNDER § 19-3A-07 OF THIS TITLE.**

13 19-3A-07.

14 (a) There are two freestanding medical facility pilot projects that shall
15 operate in two jurisdictions in the State.

16 (b) The Department shall issue a freestanding medical facility license to:

17 (1) One freestanding medical facility pilot project if:

18 (i) The freestanding medical facility pilot project is established
19 by, and will operate administratively as part of, an acute care general hospital;

20 (ii) The acute care general hospital is part of a merged asset
21 system with all of its existing Maryland acute care general hospitals located in a
22 single jurisdiction;

23 (iii) There are not more than 5 acute care general hospitals in
24 the jurisdiction;

25 (iv) One or more of the existing acute care general hospitals in
26 the merged asset system has an emergency department volume of 75,000 or more
27 visits for the 12 months ending June 30, 2004;

28 (v) The freestanding medical facility pilot project will operate in
29 Montgomery County;

30 (vi) The capital expenditure to implement the freestanding
31 medical facility pilot project otherwise meets the requirements of § 19-120(k)(6)(viii) of
32 this title; and

1 (vii) The freestanding medical facility pilot project meets the
2 requirements under § 19–3A–02(b) of this subtitle; and

3 (2) One freestanding medical facility pilot project if:

4 (i) The freestanding medical facility pilot project is established
5 by, and will operate administratively as part of, an acute care general hospital located
6 in Talbot County;

7 (ii) The freestanding medical facility pilot project will operate in
8 Queen Anne’s County;

9 (iii) The capital expenditure to implement the freestanding
10 medical facility pilot project otherwise meets the requirements of § 19–120(k)(6)(viii) of
11 this title; and

12 (iv) The freestanding medical facility pilot project meets the
13 requirements under § 19–3A–02(b) of this subtitle.

14 (c) (1) A freestanding medical facility pilot project shall provide to the
15 Maryland Health Care Commission information, as specified by the Commission, on
16 the configuration, location, operation, and utilization, including patient–level
17 utilization, of the pilot project.

18 (2) A certificate of need is not required for a freestanding medical
19 facility pilot project.

20 [(d) (1) This subsection applies to:

21 (i) Individual, group, or blanket health insurance policies and
22 contracts delivered or issued for delivery in the State by insurers, nonprofit health
23 service plans, health maintenance organizations; and

24 (ii) Medicaid managed care organizations.

25 (2) An entity subject to this subsection shall pay the claim for covered
26 services submitted by a freestanding medical facility pilot project at rates consistent
27 with the contract between the entity and the freestanding medical facility pilot project.

28 (e) The Maryland Medical Assistance Program shall pay a fee–for–service
29 claim submitted by a freestanding medical facility pilot project at a rate at least equal
30 to the rate paid by Medicare.]

31 [(f) (D) The provisions of §§ 19–3A–01 through 19–3A–06 of this subtitle
32 shall apply to a freestanding medical facility pilot project.

33 **19–3A–08.**

1 **(A) THIS SECTION APPLIES TO ALL PAYORS SUBJECT TO THE**
2 **JURISDICTION OF THE HEALTH SERVICES COST REVIEW COMMISSION,**
3 **INCLUDING:**

4 **(1) INDIVIDUAL, GROUP, OR BLANKET HEALTH INSURANCE**
5 **POLICIES AND CONTRACTS DELIVERED OR ISSUED FOR DELIVERY IN THE STATE**
6 **BY INSURERS, NONPROFIT HEALTH SERVICE PLANS, AND HEALTH**
7 **MAINTENANCE ORGANIZATIONS;**

8 **(2) MANAGED CARE ORGANIZATIONS, AS DEFINED IN § 15-101 OF**
9 **THIS ARTICLE; AND**

10 **(3) THE MARYLAND MEDICAL ASSISTANCE PROGRAM**
11 **ESTABLISHED UNDER TITLE 15, SUBTITLE 1 OF THIS ARTICLE.**

12 **(B) A PAYOR SUBJECT TO THIS SECTION SHALL PAY A CLAIM**
13 **SUBMITTED BY A FREESTANDING MEDICAL FACILITY LICENSED UNDER THIS**
14 **SUBTITLE, INCLUDING A FREESTANDING MEDICAL FACILITY PILOT PROJECT**
15 **ESTABLISHED UNDER § 19-3A-07 OF THIS SUBTITLE, AT RATES SET BY THE**
16 **HEALTH SERVICES COST REVIEW COMMISSION UNDER SUBTITLE 2 OF THIS**
17 **TITLE.**

18 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
19 General Assembly that services provided by freestanding medical facilities and
20 freestanding medical facility pilot projects be considered hospital services by all
21 payors, including the federal Medicare program.

22 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before October 1,
23 2010, the Health Services Cost Review Commission shall report to the General
24 Assembly, in accordance with § 2-1246 of the State Government Article, on the rates
25 that the Commission has established for freestanding medical facilities and
26 freestanding medical facility pilot projects under this Act and the methodology for
27 establishing those rates.

28 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 July 1, 2010.