

# SENATE BILL 619

J3, J4

8lr2052  
CF 8lr2834

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By: **Senators Klausmeier and Feldman**

Introduced and read first time: February 1, 2018

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Health Maintenance Organizations – Certificate of Need Requirements –**  
3 **Modification**

4 FOR the purpose of repealing a certain requirement that a health maintenance  
5 organization or a certain health care facility have a certificate of need before taking  
6 certain actions to establish a certain ambulatory surgical facility or center; altering  
7 the conditions under which a health maintenance organization or a certain health  
8 care facility is required to have a certificate of need before taking certain actions to  
9 establish a certain health care project; authorizing a health maintenance  
10 organization or a health care facility to purchase a certain ambulatory surgical  
11 facility or center without a certificate of need under certain circumstances; and  
12 generally relating to certificates of need requirements for health maintenance  
13 organizations.

14 BY repealing and reenacting, with amendments,  
15 Article – Health – General  
16 Section 19–121  
17 Annotated Code of Maryland  
18 (2015 Replacement Volume and 2017 Supplement)

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

21 **Article – Health – General**

22 19–121.

23 (a) In this section, “health maintenance organization” means a health  
24 maintenance organization under Subtitle 7 of this title.

25 (b) (1) A health maintenance organization or a health care facility that either

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 controls, directly or indirectly, or is controlled by a health maintenance organization shall  
2 have a certificate of need before the health maintenance organization or health care facility  
3 builds, develops, operates, purchases, or participates in building, developing, operating, or  
4 establishing:

5 (i) A hospital, as defined in § 19–301 of this title[, or an ambulatory  
6 surgical facility or center, as defined in § 19–114(b) of this subtitle]; and

7 (ii) Any other health care project for which a certificate of need is  
8 required under § 19–120 of this subtitle [if that health care project is planned for or used  
9 by any nonsubscribers of that health maintenance organization] **UNLESS AT LEAST 90%**  
10 **OF THE PATIENTS WHO CAN REASONABLY BE EXPECTED TO RECEIVE HEALTH CARE**  
11 **SERVICES FROM THE PROJECT WILL BE INDIVIDUALS ENROLLED IN THAT HEALTH**  
12 **MAINTENANCE ORGANIZATION.**

13 (2) Notwithstanding paragraph [(1)(i)] **(1)(II)** of this subsection, a health  
14 maintenance organization or a health care facility that either controls, directly or  
15 indirectly, or is controlled by a health maintenance organization is not required to obtain a  
16 certificate of need before purchasing an existing ambulatory surgical facility or center, as  
17 defined in § 19–114(b) of this subtitle.

18 (c) An application for a certificate of need by a health maintenance organization  
19 or by a health care facility that either controls, directly or indirectly, or is controlled by, a  
20 health maintenance organization shall be approved if the Commission finds that the  
21 application:

22 (1) Documents that the project is necessary to meet the needs of enrolled  
23 members and reasonably anticipated new members for the services proposed to be provided  
24 by the applicant; and

25 (2) Is not inconsistent with those sections of the State health plan or those  
26 sections of the institution–specific plan that govern hospitals, as defined in § 19–301 of this  
27 title, and ambulatory surgical facilities or centers, as defined in § 19–114(b) of this subtitle,  
28 or health care projects for which a certificate of need is required under subsection (b)(1)(ii)  
29 of this section.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
31 October 1, 2018.