

Department of Legislative Services  
 Maryland General Assembly  
 2018 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

Senate Bill 1056  
 Finance

(Senator Hershey, *et al.*)

Health and Government Operations

Rural Health Collaborative Pilot

This bill establishes a Rural Health Collaborative Pilot as an independent unit within the Maryland Department of Health (MDH). The Governor has to fully fund the operations of the collaborative beginning in fiscal 2019. By December 1, 2020, the collaborative has to report to the Governor and the General Assembly on the standards and criteria that a community must meet to establish a “rural health complex.” By December 1, 2021, and annually thereafter, the collaborative must report to the Governor and General Assembly on its activities regarding health care delivery in the mid-shore region. **The bill takes effect July 1, 2018.**

Fiscal Summary

**State Effect:** General fund expenditures increase by at least \$274,000 in FY 2019 to establish the collaborative, as discussed below. Out-years reflect ongoing operations. Revenues are not affected.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	274,000	264,300	272,200	281,400	290,800
Net Effect	(\$274,000)	(\$264,300)	(\$272,200)	(\$281,400)	(\$290,800)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill is not anticipated to materially impact local government operations or finances.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** “Mid-shore region” includes Caroline, Dorchester, Kent, Queen Anne’s, and Talbot counties. “Rural health complex” means a community-based ambulatory care setting or inpatient care setting that integrates primary care and other health care services determined to be essential by the collaborative with input by the community and determined to be sustainable by the collaborative.

### *Rural Health Collaborative Pilot*

The purposes of the collaborative are to:

- lead a regional partnership in building a rural health system that enhances access to and utilization of health care services designed to meet the triple aim of (1) providing health care; (2) alignment with the State’s Medicare waiver; and (3) improving population health;
- mediate disputes between stakeholders;
- assist in collaboration among health care service providers in the mid-shore region;
- increase the awareness among county officials and residents regarding the health status, health needs, and available resources in the mid-shore region; and
- enhance rural economic development in the mid-shore region.

The collaborative must direct the establishment of rural health complexes by (1) assessing the needs of communities in the mid-shore region that lack access to essential community-based primary care, behavioral health, specialty care, or dental care services; (2) identifying care delivery models that have the potential to reduce deficits in care; and (3) convening health and hospital systems, community organizations, and local stakeholders to build consensus on the appropriate scale of a rural health complex.

The Secretary of Health must approve a rural health complex (1) recommended by the collaborative; (2) that meets the standards and criteria established by the collaborative; and (3) if the rural health complex demonstrates that it meets established standards and criteria.

The collaborative is authorized to adopt bylaws, rules, policies, and regulations; maintain an office; apply for and receive grants, contracts, or other funding; issue and award contracts and grants; and do all things necessary and convenient to carry out the powers granted to the collaborative under the bill. The collaborative may also create and consult with ad hoc advisory committees.

### *Executive Committee and Executive Director*

There is a Rural Health Care Collaborative Executive Committee. The executive committee, consisting of specified individuals, must provide general direction to the collaborative and make operating decisions on projects approved by the collaborative. With the approval of the Secretary, the executive committee must appoint an executive director of the collaborative and determine the appropriate compensation for the executive director. The executive director must be the chief administrative officer of the collaborative; direct, administer, and manage the operations of the collaborative; and perform all duties necessary to comply with and carry out the provisions of the bill. The executive director may employ staff in accordance with the State budget.

**Current Law/Background:** Chapter 420 of 2017 established a workgroup on rural health care delivery to oversee a study of health care delivery in the mid-shore region and to develop a plan for meeting the health care needs of the area. Among other [recommendations](#), the workgroup recommended establishing a rural health collaborative to oversee the development and establishment of a rural community health complex program in order to:

- identify needs for the region, including the pockets of special needs within the counties;
- develop strategic directions for improvement of health in the region;
- work with health systems and independent providers to integrate clinical health needs with social, behavioral, and environmental needs that impact health and clinical outcomes;
- manage data collection and analysis;
- collaborate with other community organizations and health systems in seeking grant funds to improve health within the region;
- work with health care organizations' collaborations in sharing services and staff across jurisdictional lines for economies of scale; and
- integrate the work of local organizations into broader regional initiatives.

**State Expenditures:** General fund expenditures increase by a minimum of \$274,033 in fiscal 2019, which accounts for the bill's July 1, 2018 effective date. This estimate reflects the cost of hiring two full-time staff to initially establish the collaborative, including an executive director and an administrator. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2
Salaries and Fringe Benefits	\$250,503
One-time Start-up Expenses	9,780
Ongoing Operating Expenses	<u>13,750</u>
<b>Total FY 2019 General Fund Expenditures</b>	<b>\$274,033</b>

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses.

This estimate *does not* reflect the cost of any additional staff or contractual services that may be necessary to fully staff the collaborative.

As the bill requires the Governor to fully fund the operations of the collaborative beginning in fiscal 2019, it is assumed that general funds are used as no other funding source is designated.

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Health; Kent and Queen Anne's counties; Department of Budget and Management; Department of Legislative Services

**Fiscal Note History:** First Reader - February 28, 2018  
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