

# HOUSE BILL 1571

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CF SB 938

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By: Delegates Pena–Melnyk, Lisanti, Bagnall, B. Barnes, Barron, Bartlett, Bhandari, Carey, Chang, Crosby, Feldmark, Healey, Henson, Howard, Johnson, Kipke, Lehman, Patterson, Pendergrass, Proctor, Shetty, Szeliga, Valderrama, Valentino–Smith, Walker, ~~and Williams~~ Williams, Belcastro, Carr, Charles, Chisholm, Hill, Kerr, Krebs, R. Lewis, Morgan, Reilly, Rosenberg, Saab, and Sample–Hughes

Introduced and read first time: February 10, 2020

Assigned to: Rules and Executive Nominations

Re–referred to: Health and Government Operations, February 24, 2020

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 11, 2020

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Hospitals – Changes in Status – Hospital Employee Retraining and Placement**

3 FOR the purpose of providing that the assessment of a certain fee by the State Health  
4 Services Cost Review Commission for funding the Hospital Employees Retraining  
5 Fund is to be in the case of a hospital closure, merger, or full delicensure; altering  
6 the circumstances under which hospitals are required to pay a certain fee directly to  
7 the Maryland Department of Labor; requiring certain hospitals to pay a certain  
8 direct remittance to the Department on a certain date each year; requiring the  
9 Secretary of Labor to pay certain remittances into the Fund; authorizing the  
10 Commission to require certain hospitals to pay to the Department a certain  
11 remittance for a certain purpose under certain circumstances; prohibiting the  
12 Commission from raising certain rates as part of a certain update factor for a certain  
13 purpose; requiring each hospital and certain employee organizations to submit  
14 certain reports to the Commission and the Department; altering the purposes of a  
15 certain program required to be established by the Department; requiring that a  
16 certain program include certain job–seeking assistance and training and skills  
17 development; requiring that a certain program require that the hospital work with  
18 certain persons for a certain purpose; authorizing the Department to use certain  
19 other programs before using a certain program established under a certain provision

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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.



1 of law; authorizing the Department to use vendors for certain purposes and to pay  
 2 the vendors using a certain fund; requiring that certain unexpended funds be  
 3 returned to certain hospitals on a certain basis; requiring the Department, in  
 4 conjunction with the Commission, to submit a certain report to certain committees  
 5 of the General Assembly on or before a certain date; requiring certain money to be  
 6 returned to certain hospitals under certain circumstances; defining certain terms;  
 7 making conforming and stylistic changes; providing for the termination of this Act;  
 8 and generally relating to the retraining and placement of hospital employees related  
 9 to changes in hospital status.

10 BY repealing and reenacting, with amendments,  
 11 Article – Health – General  
 12 Section 19–223 and 19–326.1  
 13 Annotated Code of Maryland  
 14 (2019 Replacement Volume)

15 BY repealing and reenacting, with amendments,  
 16 Article – Labor and Employment  
 17 Section 11–201  
 18 Annotated Code of Maryland  
 19 (2016 Replacement Volume and 2019 Supplement)

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

22 **Article – Health – General**

23 19–223.

24 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
 25 INDICATED.

26 (2) “CLOSURE” MEANS THE COMPLETE CESSATION OF ALL SERVICES  
 27 IN A ~~HOSPITAL~~ HEALTH CARE FACILITY WHOSE RATES ARE SET BY THE  
 28 COMMISSION.

29 (3) “FULL DELICENSURE” MEANS THE TOTAL WITHDRAWAL BY THE  
 30 SECRETARY OF THE LICENSE TO OPERATE SERVICES IN ACCORDANCE WITH THE  
 31 PROCESS ESTABLISHED UNDER § 19–325 OF THIS TITLE.

32 (4) “MERGER” MEANS THE UNION OF TWO OR MORE HOSPITALS BY  
 33 THE TRANSFER OF ALL THE PROPERTY OF ONE OR MORE OF THE HOSPITALS TO ONE  
 34 OF THE HOSPITALS THAT CONTINUES TO EXIST.

35 (B) The Commission shall assess a fee on all hospitals whose rates have been  
 36 approved by the Commission to pay for:

1 (1) To the extent provided for in Title 10, Subtitle 3, Part IV of the  
2 Economic Development Article, the amounts required by § 10–350 of the Economic  
3 Development Article with respect to public obligations or closure costs of a closed or  
4 delicensed hospital; and

5 (2) Funding the Hospital Employees Retraining Fund **IN THE CASE OF A**  
6 **HOSPITAL CLOSURE, MERGER, OR FULL DELICENSURE.**

7 19–326.1.

8 (A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**  
9 **INDICATED.**

10 (2) **“ACQUISITION” MEANS:**

11 (I) **ANY TRANSFER OF STOCK OR ASSETS THAT RESULTS IN A**  
12 **CHANGE OF THE PERSON OR PERSONS WHO CONTROL A HEALTH CARE FACILITY; OR**

13 (II) **THE TRANSFER OF ANY STOCK OR OWNERSHIP INTEREST IN**  
14 **A HEALTH CARE FACILITY IN EXCESS OF 25%.**

15 (3) **“CLOSURE” MEANS THE COMPLETE CESSATION OF ALL SERVICES**  
16 **IN A HEALTH CARE FACILITY WHOSE RATES ARE SET BY THE COMMISSION.**

17 (4) **“COMMISSION” MEANS THE STATE HEALTH SERVICES COST**  
18 **REVIEW COMMISSION.**

19 (5) **“DOWNSIZE” MEANS TO REDUCE THE NUMBER OF EMPLOYEES OF**  
20 **AN ENTITY BY AT LEAST 17 FULL–TIME EQUIVALENT EMPLOYEES IN ANY**  
21 **CONSECUTIVE 3–MONTH PERIOD.**

22 (6) **“FULL DELICENSURE” MEANS THE TOTAL WITHDRAWAL BY THE**  
23 **SECRETARY OF THE LICENSE TO OPERATE SERVICES IN ACCORDANCE WITH THE**  
24 **PROCESS ESTABLISHED UNDER § 19–325 OF THIS SUBTITLE.**

25 (7) **“MERGER” MEANS THE UNION OF TWO OR MORE HOSPITALS BY**  
26 **THE TRANSFER OF ALL THE PROPERTY OF ONE OR MORE OF THE HOSPITALS TO ONE**  
27 **OF THE HOSPITALS THAT CONTINUES TO EXIST.**

28 (8) **“PARTIAL CLOSURE” MEANS THE CLOSURE OF A SERVICE LINE OF**  
29 **A HEALTH CARE FACILITY WHOSE RATES ARE SET BY THE COMMISSION.**

30 (9) **“PARTIAL DELICENSURE” MEANS WITHDRAWAL BY THE**  
31 **SECRETARY OF THE LICENSE TO OPERATE A PORTION OF BEDS OR SERVICES IN A**

1 HEALTH CARE FACILITY WHOSE RATES ARE SET BY THE COMMISSION IN  
2 ACCORDANCE WITH THE PROCESS ESTABLISHED UNDER §19-325 OF THIS SUBTITLE.

3 (10) "SERVICE LINE" MEANS A GROUPING OF SERVICES INTO HIGHER  
4 LEVEL CATEGORIES THAT REFLECT SIMILAR CLINICAL DELIVERY.

5 (B) (1) If a hospital [voluntarily] closes, merges, or is FULLY delicensed under  
6 § 19-325 of this subtitle and workers are displaced[:

7 (1) Each] THE hospital shall pay a fee directly to the Maryland Department  
8 of Labor.

9 (2) The fee [shall] MAY not exceed 0.01 percent of the gross operating  
10 revenue for the fiscal year immediately preceding the closure or delicensing of the hospital.

11 (3) A fee shall only be assessed once for each [voluntary] closure, merger,  
12 or FULL delicensure.

13 [(2)] (4) The Secretary of Labor shall pay the fees received under this  
14 section into the Hospital Employees [Training] RETRAINING Fund established under §  
15 11-201 of the Labor and Employment Article.

16 (C) (1) ON JULY 1 EACH YEAR, EACH HOSPITAL REGULATED BY THE  
17 COMMISSION SHALL PAY TO THE MARYLAND DEPARTMENT OF LABOR A DIRECT  
18 REMITTANCE EQUAL TO 0.006% OF THE HOSPITAL'S TOTAL ANNUAL REVENUE  
19 APPROVED BY THE COMMISSION FOR THE HOSPITAL FOR THE IMMEDIATELY  
20 PRECEDING YEAR.

21 (2) THE SECRETARY OF LABOR SHALL PAY THE REMITTANCE PAID  
22 UNDER THIS SECTION INTO THE HOSPITAL EMPLOYEES RETRAINING FUND  
23 ESTABLISHED UNDER § 11-201 OF THE LABOR AND EMPLOYMENT ARTICLE.

24 (D) IN ANY YEAR, IF THE FUND BALANCE IN THE HOSPITAL EMPLOYEES  
25 RETRAINING FUND IS DEPLETED, THE COMMISSION SHALL REQUIRE EACH  
26 HOSPITAL TO PAY TO THE MARYLAND DEPARTMENT OF LABOR A DIRECT  
27 REMITTANCE IN ORDER TO ADDRESS THE NEEDS OF ANY PARTIAL CLOSURE,  
28 DOWNSIZING, ACQUISITION, OR PARTIAL DELICENSURE OF A HOSPITAL.

29 (E) THE COMMISSION MAY NOT RAISE HOSPITAL RATES AS PART OF THE  
30 ANNUAL UPDATE FACTOR TO OFFSET THE HOSPITALS' DIRECT REMITTANCES TO  
31 THE HOSPITAL EMPLOYEES RETRAINING FUND UNDER SUBSECTIONS (C) AND (D)  
32 OF THIS SECTION.

1 (F) EACH HOSPITAL SHALL SUBMIT AN ANNUAL REPORT TO THE  
2 COMMISSION AND THE MARYLAND DEPARTMENT OF LABOR ON:

3 (1) THE NUMBER OF HOSPITAL EMPLOYEES DISPLACED DUE TO  
4 LAYOFFS; AND

5 (2) THE CATEGORIES OF HOSPITAL EMPLOYEES DISPLACED DUE TO  
6 LAYOFFS.

7 (G) AN ORGANIZATION REPRESENTING HOSPITAL EMPLOYEES THAT  
8 RECEIVES FUNDING FROM HOSPITALS FOR THE PURPOSE OF WORKER RETRAINING  
9 SHALL SUBMIT AN ANNUAL REPORT TO THE MARYLAND DEPARTMENT OF LABOR  
10 AND THE COMMISSION THAT DETAILS THE FUNDING RECEIVED AND THE TRAINING  
11 PROVIDED.

## 12 Article – Labor and Employment

13 11–201.

14 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
15 INDICATED.

16 (2) “ACQUISITION” MEANS:

17 (I) ANY TRANSFER OF STOCK OR ASSETS THAT RESULTS IN A  
18 CHANGE OF THE PERSON OR PERSONS WHO CONTROL A HEALTH CARE FACILITY; OR

19 (II) THE TRANSFER OF ANY STOCK OR OWNERSHIP INTEREST IN  
20 A HEALTH CARE FACILITY IN EXCESS OF 25%.

21 (3) “CLOSURE” MEANS THE COMPLETE CESSATION OF ALL SERVICES  
22 IN A HEALTH CARE FACILITY WHOSE RATES ARE SET BY THE COMMISSION.

23 (4) “COMMISSION” MEANS THE STATE HEALTH SERVICES COST  
24 REVIEW COMMISSION.

25 ~~(2)~~ (5) “DOWNSIZE” MEANS TO REDUCE THE NUMBER OF EMPLOYEES  
26 OF AN ACUTE CARE HOSPITAL ENTITY BY AT LEAST 17 FULL-TIME EQUIVALENT  
27 EMPLOYEES IN ANY CONSECUTIVE 3-MONTH PERIOD.

28 (6) “MERGER” MEANS THE UNION OF TWO OR MORE HOSPITALS BY  
29 THE TRANSFER OF ALL THE PROPERTY OF ONE OR MORE OF THE HOSPITALS TO ONE  
30 OF THE HOSPITALS THAT CONTINUES TO EXIST.

1           ~~(3)~~ **(7)** “PARTIAL CLOSURE” MEANS THE CLOSURE OF A SERVICE LINE  
 2 ~~OF AN ACUTE CARE HOSPITAL~~ A HEALTH CARE FACILITY WHOSE RATES ARE SET BY  
 3 THE COMMISSION.

4           ~~(4)~~ **(8)** “SERVICE LINE” MEANS A GROUPING OF SERVICES INTO  
 5 HIGHER LEVEL CATEGORIES THAT REFLECT SIMILAR CLINICAL DELIVERY.

6           **[(a)] (B)**     **(1)** The Department shall establish a program for the retraining  
 7 [and placement] of, ~~AND JOB-SEEKING ASSISTANCE FOR,~~ hospital employees who are  
 8 ~~NONEXECUTIVE EMPLOYEES, WHO ARE NOT LICENSED PHYSICIANS OR PHYSICIAN~~  
 9 ~~ASSISTANTS, AND WHO ARE~~ unemployed or who may become unemployed as a result of  
 10 the closing, PARTIAL CLOSURE, delicensing, downsizing, or [possible downsizing]  
 11 ACQUISITION of a hospital or the merging of hospitals under **[§ 19-325] TITLE 19,**  
 12 **SUBTITLE 3** of the Health – General Article.

13           **(2)**     **THE PROGRAM ESTABLISHED UNDER THIS SUBSECTION SHALL**  
 14 **INCLUDE:**

15                     **(I)**     **JOB-SEEKING ASSISTANCE WITH AN AFFILIATED HOSPITAL**  
 16 **OR HEALTH CARE ENTITY, AN UNAFFILIATED HOSPITAL OR HEALTH CARE ENTITY,**  
 17 **OR A NONHEALTH CARE RELATED POSITION; AND**

18                     **(II)**    **TRAINING AND SKILLS DEVELOPMENT THROUGH**  
 19 **PROGRAMS FUNDED BY THE DEPARTMENT, BY THE HOSPITAL OR HEALTH SYSTEM,**  
 20 **OR BY OTHER PROGRAMS AVAILABLE TO PROVIDE TRAINING AND SKILLS**  
 21 **DEVELOPMENT.**

22           **(C)**     **THE PROGRAM ESTABLISHED UNDER SUBSECTION (B) OF THIS SECTION**  
 23 **SHALL REQUIRE THAT THE HOSPITAL WORK WITH EMPLOYEES AND, IF APPLICABLE,**  
 24 **THE EMPLOYEES’ REPRESENTATIVES TO IDENTIFY AVAILABLE AND APPROPRIATE**  
 25 **TRAINING OR RETRAINING PROGRAMS THAT MAY BE USED IN ANTICIPATION OF THE**  
 26 **CLOSURE, PARTIAL CLOSURE, OR CONVERSION TO A FREESTANDING MEDICAL**  
 27 **FACILITY.**

28           **(D)**     **BEFORE THE DEPARTMENT USES THE PROGRAM ESTABLISHED UNDER**  
 29 **SUBSECTION (B) OF THIS SECTION, THE DEPARTMENT MAY USE OTHER PROGRAMS**  
 30 **IN THE DEPARTMENT TO PROVIDE TRAINING AND ASSISTANCE TO THE HOSPITAL**  
 31 **EMPLOYEES WHO WOULD BE ELIGIBLE FOR TRAINING AND ASSISTANCE UNDER THE**  
 32 **PROGRAM.**

33           **(E)**     **THE DEPARTMENT MAY:**

34                     **(1)**     **USE VENDORS TO PROVIDE THE SERVICES REQUIRED UNDER THIS**  
 35 **SECTION; AND**

1           **(2) USE THE FUND ESTABLISHED UNDER SUBSECTION (G) OF THIS**  
2 **SECTION TO PAY THE VENDORS.**

3           **[(b) (F)]** The Secretary and the Secretary of Health shall adopt regulations to  
4 implement this section.

5           **[(c) (G)]** There is a Hospital Employees Retraining Fund. The Fund shall be  
6 used:

7           (1) for the purposes described in this section; and

8           (2) to pay any and all expenses of the Department in administering this  
9 section.

10           **[(d) (H)]** Any unexpended funds remaining in the Hospital Employees  
11 Retraining Fund at the end of the fiscal year:

12           (1) may not revert to the General Fund of the State; AND

13           (2) **SHALL BE RETURNED TO THE HOSPITALS THAT CONTRIBUTED TO**  
14 **THE FUND ON A PRO RATA BASIS.**

15           **(i) (1) ON OR BEFORE SEPTEMBER 30, 2023, THE DEPARTMENT, IN**  
16 **CONJUNCTION WITH THE ~~STATE HEALTH SERVICES COST REVIEW~~ COMMISSION,**  
17 **SHALL SUBMIT A REPORT TO THE SENATE FINANCE COMMITTEE AND THE HOUSE**  
18 **HEALTH AND GOVERNMENT OPERATIONS COMMITTEE, IN ACCORDANCE WITH §**  
19 **2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE IMPLEMENTATION OF THIS**  
20 **SECTION.**

21           **(2) THE REPORT SHALL INCLUDE:**

22           **(i) THE ANNUAL FEE CONTRIBUTED BY EACH HOSPITAL TO THE**  
23 **HOSPITAL EMPLOYEES RETRAINING FUND;**

24           **(ii) ANY ADDITIONAL FEE REQUIRED BY THE ~~STATE HEALTH~~**  
25 **~~SERVICES COST REVIEW~~ COMMISSION UNDER § 19-326.1(B) OF THE**  
26 **HEALTH - GENERAL ARTICLE AND PAID TO THE HOSPITAL EMPLOYEES**  
27 **RETRAINING FUND;**

28           **(iii) THE ANNUAL REPORTS SUBMITTED BY EACH HOSPITAL**  
29 **UNDER § 19-326.1 OF THE HEALTH - GENERAL ARTICLE;**

1 (IV) THE AMOUNT OF MONEY DRAWN FROM THE HOSPITAL  
2 EMPLOYEES RETRAINING FUND FOR RETRAINING PROGRAMS AND THE FUND  
3 BALANCE;

4 (V) THE NUMBER OF ELIGIBLE EMPLOYEES THAT USED THE  
5 PROGRAM ESTABLISHED UNDER SUBSECTION (B) OF THIS SECTION DURING THE  
6 REPORTING PERIOD;

7 (VI) THE NUMBER OF ELIGIBLE EMPLOYEES THAT USED OTHER  
8 PROGRAMS UNDER SUBSECTION (D) OF THIS SECTION; AND

9 (VII) THE NUMBER OF ELIGIBLE EMPLOYEES DENIED ACCESS TO  
10 THE PROGRAM ESTABLISHED UNDER SUBSECTION (B) OF THIS SECTION DUE TO  
11 FUNDING SHORTAGES.

12 SECTION 2. AND BE IT FURTHER ENACTED, That any monies remaining in the  
13 Hospital Employees Retraining Fund on September 30, 2023, shall be returned to the  
14 contributing hospitals, pro rata.

15 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 October 1, 2020. It shall remain effective for a period of 3 years and, at the end of September  
17 30, 2023, this Act, with no further action required by the General Assembly, shall be  
18 abrogated and of no further force and effect.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.