

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 390 (Delegates Johnson and Lisanti)
 Health and Government Operations

University of Maryland - Harford Memorial Hospital Closure - Economic Impact Study

This bill requires the University of Maryland Institute for Governmental Service and Research to conduct a study on the economic impact of the closure of Harford Memorial Hospital and the subsequent transfer of its services to another campus under the University of Maryland Upper Chesapeake Health System. The institute must quantify the economic impact the closure will have on the City of Havre de Grace and develop a revitalization plan for the city. By December 1, 2021, the institute must report its findings to specified governmental individuals and entities. **The bill takes effect June 1, 2021, and terminates June 30, 2022.**

Fiscal Summary

State Effect: No effect in FY 2021. General fund expenditures for the University System of Maryland (USM) increase by approximately \$175,000 in FY 2022, under the assumptions discussed below. Revenues are not affected.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	175,000	0	0	0	0
Net Effect	(\$175,000)	\$0	\$0	\$0	\$0

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

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: None.

Analysis

Bill Summary: The study must consider (1) the impact on existing small businesses in downtown Havre de Grace, including any displacement from new businesses established at the new campus; (2) the effect on employment at the existing facility at Harford Memorial Hospital, including the costs and benefits of relocating to a new facility; (3) the effect on homeownership in surrounding communities, including on property values and the Harford County property tax assessable base; and (4) any other potential consequences for the city from a prolonged vacancy at the hospital site. The revitalization plan must (1) be consistent with the city's current comprehensive plan; (2) incorporate the findings of the study; and (3) include opportunities for public-private investment from the local, State, and University of Maryland Medical System partnership.

Current Law: There is currently no requirement that USM engage in either an economic impact study or a revitalization plan for an anticipated hospital closure of Harford Memorial Hospital. The Maryland Health Care Commission has approved the Upper Chesapeake Health System's plan to close Harford Memorial Hospital and replace it with a new facility in Aberdeen, scheduled to open in 2023.

State Expenditures: USM estimates that the combined cost for the impact study and revitalization plan is approximately \$175,000 to \$200,000. Even though the bill takes effect June 1, 2021, it is assumed that State finances are not materially affected until fiscal 2022. As no other funding source is specified, this analysis assumes that general funds are used. Further, based on estimates for similar bills, this analysis also assumes that the lower range of USM's cost estimate is sufficient. Accordingly, general fund expenditures for USM increase by approximately \$175,000 in fiscal 2022 to complete both the study and the revitalization plan.

Additional Information

Prior Introductions: HB 1277 of 2020, a similar bill, received a hearing from the House Health and Government Operations Committee, but no further action was taken. HB 1621 of 2018, a similar bill, received a hearing from the House Health and Government Operations Committee, but no further action was taken.

Designated Cross File: None.

Information Source(s): University System of Maryland; University of Maryland Medical System; Harford County; City of Havre de Grace; Department of Legislative Services

Fiscal Note History: First Reader - January 15, 2021
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Analysis by: Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510