

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 253
 Finance

(Senator Kelley)

Health and Government Operations

Maryland Health Care Commission – User Fee Assessments

This bill increases the maximum amount of user fees the Maryland Health Care Commission (MHCC) may assess on hospitals, nursing homes, payors, and health care practitioners from \$16.0 million to \$20.0 million. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: MHCC special fund revenues increase by as much as \$4.0 million annually beginning in FY 2023; MHCC special fund expenditures likely increase accordingly.

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
SF Revenue	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0
SF Expenditure	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0
Net Effect	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: MHCC is an independent commission within the Maryland Department of Health (MDH) with a mission to plan for health system needs, promote informed decision making, increase accountability, and improve access in a rapidly changing health care environment by providing timely and accurate information on availability, cost, and quality of services to policymakers, purchasers, providers, and the public.

MHCC's special fund consists of user fees assessed on health care payors, hospitals, nursing homes, and health care practitioners. User fees must be used exclusively to cover the actual documented direct costs of fulfilling the statutory and regulatory duties of MHCC, including administrative costs incurred by MDH on behalf of the commission.

The amount of the user fee assessment is derived differently for each industry and is set every four years based on an analysis of MHCC's workload. Currently, MHCC assesses payors an amount up to 26% of the total budget, hospitals an amount up to 39% of the total budget, health occupations boards an amount up to 16% of the total budget, and nursing homes an amount up to 19% of the total budget. In March 2021, due to the COVID-19 state of emergency, MHCC modified the timeframe for recalculation of the user fee assessment so that the new four-year assessment will begin July 1, 2022, rather than July 1, 2021.

Chapter 627 of 2007 increased MHCC's user fee cap from \$10.0 million to \$12.0 million, and the Budget Reconciliation and Financing Act of 2017 increased the cap from \$12.0 million to \$16.0 million.

Chapter 692 of 2019 established the Prescription Drug Affordability Board. The board, in consultation with MHCC, must monitor and assess the impact of specified policy actions on (1) prescription drug affordability and access to hospital services in the State; (2) the ability of hospitals and other providers to obtain drugs from manufacturers and suppliers at costs consistent with policy actions (including upper payment limits, if applicable); and (3) the ability of the State to meet the requirements of the All-Payer Model Contract.

Chapter 70 of 2021 (the Preserve Telehealth Access Act of 2021) expanded the definition of telehealth and the coverage and reimbursement requirements for health care services provided through telehealth. MHCC is required to analyze data collected from the utilization and coverage of telehealth through fiscal 2023, as well as submit multiple reports on the impact of providing telehealth services to the General Assembly.

State Fiscal Effect: As noted above, MHCC's operating budget is funded through a user fee assessment currently capped at \$16.0 million annually. In recent years, additional requirements on MHCC have increased expenditures beyond this cap. In fiscal 2021, actual MHCC expenditures were \$16.3 million; the fiscal 2022 MHCC appropriation was \$19.1 million. Additional expenditures exceeding user fee revenues have been funded with the available special fund balance, which has decreased significantly. As of June 30, 2021, the balance of MHCC's special fund was \$5.4 million. The Governor's proposed fiscal 2023 budget includes an allowance of \$19.2 million in special funds for MHCC, which exceeds the current user fee cap by approximately \$3.2 million, or 20%.

Under the bill, MHCC special fund revenues increase by up to \$4.0 million annually beginning in fiscal 2023 to account for increasing the user fee cap from \$16.0 million to \$20.0 million. MHCC special fund expenditures likely increase accordingly.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 353 (Delegate Landis) - Health and Government Operations.

Information Source(s): Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - January 25, 2022
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