

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 607

(Senator Hayes, *et al.*)

Finance

Health and Government Operations

Health Equity Resource Communities – Modifications

This bill alters provisions relating to Health Equity Resource Communities (HERCs). The Chesapeake Regional Information System for our Patients (CRISP) must provide technical assistance to the Maryland Community Health Resources Commission (MCHRC) in implementing HERCs. The date by which MCHRC must issue a request for proposals (RFP) to designate HERCs is delayed from October 1, 2022, to October 1, 2023. The bill also expands the purpose of the HERC Reserve Fund to include (1) funding three full-time MCHRC staff positions and (2) beginning in fiscal 2024, costs incurred by CRISP in providing technical assistance to MCHRC. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: The bill primarily alters the purposes for which existing funds may be used, resulting in an increase in special fund expenditures from the HERC Reserve Fund and a reduction in special fund expenditures from the MCHRC Fund beginning in FY 2023, as discussed below. Revenues are not affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Chapters 741 and 742 of 2021, among other things, established a process for designation of HERCs to target State resources to specific areas of the State to reduce health disparities, improve health outcomes and access to primary care, promote prevention

services, and reduce health care costs and hospital admissions and readmissions. The Acts also require MCHRC to establish a Pathways to Health Equity Program to provide the foundation and guidance for a permanent HERCs program and provide grant funding to specified entities. CRISP must provide technical assistance to MCHRC by maintaining a data set and supporting program evaluation for the Pathways to Health Equity Program. Two additional staff must be added to MCHRC, specifically to implement HERCs. By October 1, 2022, MCHRC must issue an RFP to designate areas as HERCs.

The HERC Reserve Fund may be used only to (1) support areas designated as HERCs by providing grants to specified entities to reduce health disparities, improve health outcomes, provide drug treatment and rehabilitation, and reduce health costs and hospital admissions and readmissions and (2) provide supplemental funding for specified behavioral health programs. In fiscal 2023 through 2025, the Governor must transfer \$15.0 million from the Maryland Health Benefit Exchange (MHBE) Fund to the HERC Reserve Fund as an appropriation in the State budget. The reserve fund consists of money appropriated in the State budget to the fund in fiscal 2023 through 2025 from the MHBE Fund, interest earnings, and any other money from any other source.

State Expenditures: MCHRC advises that Pathways to Health Equity grants were issued in February 2022 for a two-year period (April 2022 through March 2024). Thus, the bill delays the requirement for the commission to issue an RFP to designate HERCs to October 1, 2023, to allow time for the grants to be implemented before HERCs are designated. This provision has no fiscal impact.

As required under Chapters 741 and 742 of 2021, CRISP must provide technical assistance to MCHRC for the Pathways to Health Equity Program. MCHRC currently has a two-year \$500,000 contract with CRISP for this purpose. MCHRC plans to enter a similar contract with CRISP for HERCs. The bill authorizes funds from the HERC Reserve Fund to be used for costs incurred by CRISP in providing technical assistance to MCHRC. Thus, this provision results in an increase in special fund expenditures from the HERC Reserve Fund and a reduction in special fund expenditures from the MCHRC Fund beginning in fiscal 2024.

The Governor's proposed fiscal 2023 budget includes two new positions in MCHRC to support HERC grants. The bill authorizes funds from the HERC Reserve Fund to be used for these positions, as well as one full-time staff position for the Pathways to Health Equity Program. As with the CRISP provision, this provision results in an increase in special fund expenditures from the HERC Reserve Fund and a reduction in special fund expenditures from the MCHRC Fund beginning in fiscal 2023.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 906 (Delegate J. Lewis) - Health and Government Operations.

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

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