

# Senate Bill 707

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# Presentation Outline

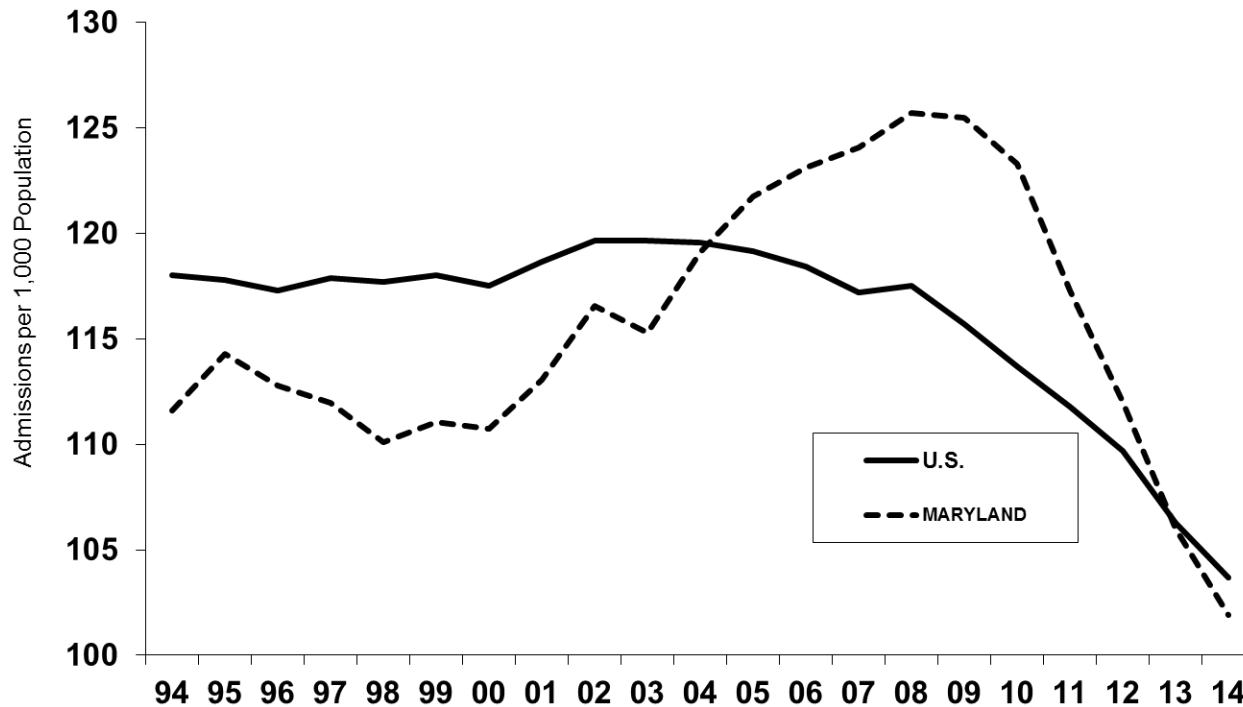
- Context
- Requirements of Senate Bill 707
  - Regulatory changes under development
  - Workgroup background and Charge
- Progress to date

# National Trends in Hospital Utilization

- Hospital admissions have been declining
- Urban and rural hospitals have been affected by reduced utilization
- Preserving access to appropriate emergency and primary care services is a special concern for communities with limited supply

# Recent Trends in Hospital Use

Hospital Admissions per 1,000 Population All Hospital Unit Admissions (Excludes NH Unit Admissions)  
U.S. and Maryland 1994-2014



Source: AHA Hospital Statistics (Average of Published Rates, 2000, 2002-2007, 2009-2015 Editions)

Hospital admissions per 1,000 have been declining in the US since 2004 and in Maryland very sharply since 2009.

# Evolution of an Approach for Preserving Access to Health Care Services

- Declining utilization puts greater pressure on smaller hospitals, i.e., hospitals with < 60 beds.
- In 2015 the Maryland Hospital Association asked MHCC and HSCRC to consider changes in Maryland law to permit a conversion of an acute care hospital
- MHCC & HSCRC concluded that a freestanding medical facility (FMF) would be the best foundation for retaining emergency and other outpatient capabilities
  - FMFs had existed in Maryland law since 2006 – Bowie, Germantown, Queen Anne's  
(Existing FMFs are freestanding emergency departments located on campuses with other ambulatory services. FMFs must be affiliated with a parent hospital)
  - Maryland law already required MHCC to develop a State Health Plan for Freestanding Medical Facilities.
  - In 2016, legislation introduced that would allow an underutilized acute care hospital to convert to an FMF through an exemption from CON process.

# SB 707 Freestanding Medical Facilities- Certificate of Need, Rates and Definitions

- Legislation established a process for a hospital to convert to an FMF
- Broadened the definition of hospital services to include observation stays and other outpatient services offered at the FMF, as determined by HSCRC in regulations.
- Defined the findings MHCC must reach before issuing the exemption from CON review for a conversion
- Legislative debate highlighted significant public concern about the appropriateness of health system changes in rural communities
- Established a moratorium on hospital conversions in Kent County until July 2020
- Established a Rural Health Delivery Workgroup

# SB 707 – Rural Health Delivery Workgroup

- Membership
  - General Assembly Members
  - Secretary of DHMH
  - CEO of Rural Hospitals
  - Providers, Consumers, Local Government, Business, Labor to be appointed by MHCC
- Charge
  - oversee a study of rural health care needs in the five Mid Shore counties
  - hold public hearings to gain community input regarding the health care needs
  - Identify policy options developed through Workgroup meetings, through public input, and from the study
  - Specifically recommend policies that address:
    - the health care needs of residents of the five study counties. and
    - improve the health care delivery system in the five Mid Shore counties
  - Issue a report by October 1, 2017

# Rural Health Delivery Study

- Examine challenges to the delivery of health care in the Mid Shore area, including:
  - the limited availability of health care providers and services;
  - the special needs of vulnerable populations;
  - transportation barriers; and
  - the economic impact of the closure, partial closure, or conversion of a health care facility;
- Identify opportunities created by telehealth and the Maryland all-payer model contract for restructuring the delivery of health care services; and
- Develop policy options for addressing the health care needs of residents of, and improving the health care delivery system in, the five study counties



# Progress after the Legislative Session

- MHCC developed a State Health Plan for FMFs that includes requirements for converting an underutilized hospital to a freestanding medical facility.
  - Published for informal public comment in June and adopted as proposed regulations in July. Proposed regulations will be published in the Maryland Register on September 2. A 30-day comment period will follow.
  - HSCRC and MIEMSS are developing companion regulations
    - HSCRC will define the process for determining which outpatient services at the FMF will be eligible for HSCRC-approved rates.
    - MIEMSS define the process that the EMS Board will use for assessing the adequacy of EMS services.
- MHCC has established an MOU with the University of Maryland School of Public Health and their subcontractor Walsh Center at the University of Chicago.