

# HOUSE BILL 1571

J3, K3

(0lr1329)

## ENROLLED BILL

— *Health and Government Operations/Finance* —

Introduced by **Delegates Pena–Melnik, 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**

Read and Examined by Proofreaders:

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Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

## 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

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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.

*Italics indicate opposite chamber/conference committee amendments.*



remittance for a certain purpose under certain circumstances; prohibiting the Commission from raising certain rates as part of a certain update factor for a certain purpose; requiring each hospital and certain employee organizations to submit certain reports to the Commission and the Department; altering the purposes of a certain program required to be established by the Department; requiring that a certain program include certain job-seeking assistance and training and skills development; requiring that a certain program require that the hospital work with certain persons for a certain purpose; authorizing the Department to use certain other programs before using a certain program established under a certain provision of law; authorizing the Department to use vendors for certain purposes and to pay the vendors using a certain fund; requiring that certain unexpended funds be returned to certain hospitals on a certain basis; requiring the Department, in conjunction with the Commission, to submit a certain report to certain committees of the General Assembly on or before a certain date; requiring certain money to be returned to certain hospitals under certain circumstances; defining certain terms; making conforming and stylistic changes; providing for the termination of this Act; and generally relating to the retraining and placement of hospital employees related to changes in hospital status.

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

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

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

**Article – Health – General**

19–223.

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

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

(3) "FULL DELICENSURE" MEANS THE TOTAL WITHDRAWAL BY THE SECRETARY OF THE LICENSE TO OPERATE SERVICES IN ACCORDANCE WITH THE PROCESS ESTABLISHED UNDER § 19-325 OF THIS TITLE.

(4) "MERGER" MEANS THE UNION OF TWO OR MORE HOSPITALS BY THE TRANSFER OF ALL THE PROPERTY OF ONE OR MORE OF THE HOSPITALS TO ONE OF THE HOSPITALS THAT CONTINUES TO EXIST.

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

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

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

19-326.1.

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

(2) "ACQUISITION" MEANS:

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

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

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

(4) "COMMISSION" MEANS THE STATE HEALTH SERVICES COST REVIEW COMMISSION.

(5) "DOWNSIZE" MEANS TO REDUCE THE NUMBER OF EMPLOYEES OF ~~AN ENTITY~~ A HEALTH CARE FACILITY BY AT LEAST 17 FULL-TIME EQUIVALENT EMPLOYEES IN ANY CONSECUTIVE 3-MONTH PERIOD.

(6) "FULL DELICENSURE" MEANS THE TOTAL WITHDRAWAL BY THE SECRETARY OF THE LICENSE TO OPERATE SERVICES IN ACCORDANCE WITH THE PROCESS ESTABLISHED UNDER § 19-325 OF THIS SUBTITLE.

(7) "MERGER" MEANS THE UNION OF TWO OR MORE HOSPITALS BY THE TRANSFER OF ALL THE PROPERTY OF ONE OR MORE OF THE HOSPITALS TO ONE OF THE HOSPITALS THAT CONTINUES TO EXIST.

(8) "PARTIAL CLOSURE" MEANS THE CLOSURE OF A SERVICE LINE OF A HEALTH CARE FACILITY WHOSE RATES ARE SET BY THE COMMISSION.

(9) "PARTIAL DELICENSURE" MEANS WITHDRAWAL BY THE SECRETARY OF THE LICENSE TO OPERATE A PORTION OF BEDS OR SERVICES IN A HEALTH CARE FACILITY WHOSE RATES ARE SET BY THE COMMISSION IN ACCORDANCE WITH THE PROCESS ESTABLISHED UNDER §19-325 OF THIS SUBTITLE.

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

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

(1) Each] ~~THE~~, EACH hospital shall pay a fee directly to the Maryland Department of Labor.

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

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

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

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

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

(D) IN ANY YEAR, IF THE FUND BALANCE IN THE HOSPITAL EMPLOYEES RETRAINING FUND IS DEPLETED, THE COMMISSION SHALL REQUIRE EACH

HOSPITAL TO PAY TO THE MARYLAND DEPARTMENT OF LABOR A DIRECT REMITTANCE IN ORDER TO ADDRESS THE NEEDS OF ANY PARTIAL CLOSURE, DOWNSIZING, ACQUISITION, OR PARTIAL DELICENSURE OF A HOSPITAL.

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

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

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

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

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

#### Article – Labor and Employment

11–201.

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

(2) “ACQUISITION” MEANS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(E) THE DEPARTMENT MAY:**

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

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

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

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

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

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

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

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

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

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

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

**(I) THE ANNUAL FEE CONTRIBUTED BY EACH HOSPITAL TO THE HOSPITAL EMPLOYEES RETRAINING FUND;**

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

(III) THE ANNUAL REPORTS SUBMITTED BY EACH HOSPITAL UNDER § 19-326.1 OF THE HEALTH - GENERAL ARTICLE;

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

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

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

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

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

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