

style changes and generally clarifying the provisions that relate to public rehabilitation and chronic disease hospital centers.

May 26, 1977

Honorable Steny H. Hoyer
President of the Senate
State House
Annapolis, Maryland 21404

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 421.

This bill authorizes the Secretary of Health and Mental Hygiene to discontinue the direct administration of a public rehabilitation and chronic disease center by contracting for the operation of the center, if he believes that greater efficiency would result from such an arrangement. Secondly, the bill authorizes the Secretary to allow a provider of services to bill and collect directly from a third party payor, or from certain other sources. Finally, the bill mandates that any such payment shall be used to compensate the private provider and prohibits the payment from being deposited to the general funds of the State.

By allowing any provider with whom the Secretary has contracted to bill and collect directly, third party collections will no longer flow to the Treasury. According to the Department of Budget and Fiscal Planning, this revenue loss will not be offset by an equal reduction in expenditures, the likely outcome of Senate Bill 421 would be a significant increase in the expenditures of a chronic disease center. The State will bear a considerable share of the higher cost either as a direct subsidy to the contractor or through Medicaid and other program payments.

If implemented, Senate Bill 421 will promote the operation of the State chronic disease centers with a significant degree of autonomy from both Executive and Legislative control. If there are personnel or other problems associated with the operation of a particular center or centers, I believe that they should be addressed directly. I do not believe that their solution is best accomplished by removing an entire program from the State system.

For these reasons, and at the request of the Secretary of Budget and Fiscal Planning, I have decided to veto Senate Bill 421.