

May 18, 2000

The Honorable Casper R. Taylor, Jr.
Speaker of the House
State House
Annapolis MD 21401

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed House Bill 214 – Patient Referrals by Health Care Practitioners – Prohibition – Exemptions.

This bill amends current law that relates to a health care practitioner's referring patients to a health care entity where the practitioner has a beneficial interest in or a compensation arrangement with the health care entity. This bill provides that a payment made for an equipment rental or lease is not a compensation arrangement if the payment is at fair market value and in accordance with an arm's length transaction. This bill also provides that a payment made for a property or health care practice sale is not a compensation arrangement if the payment is at fair market value, in accordance with an arm's length transaction, and in accordance with an agreement that would be commercially reasonable even if no referrals were made.

In addition, this bill provides that the prohibition against a health care practitioner's referring a patient to a hospital in which the practitioner has a beneficial interest does not apply if the practitioner is authorized to perform services at the hospital and the ownership or investment interest is in the hospital itself and not solely in a subdivision of the hospital.

Senate Bill 111, which was passed by the General Assembly and signed by me on May 11, 2000, accomplishes the same purpose. Therefore, it is not necessary for me to sign House Bill 214.

Sincerely,
Parris N. Glendening
Governor

House Bill No. 214

AN ACT concerning

Patient Referrals by Health Care Practitioners – Prohibition – Exemptions

FOR the purpose of excluding certain payments made for the rental or lease of equipment, or for the sale of property or of a health care practice, from the definition of "compensation arrangement" for purposes of certain prohibitions and disclosure requirements relating to patient referrals; exempting from a certain prohibition against patient referrals a health care practitioner who refers a patient to a hospital in which the practitioner has a beneficial interest if the practitioner meets certain requirements; and generally relating to certain patient referrals by certain health care practitioners.