

## (2) ASSURE THE INTEGRITY OF THE PAYMENT SYSTEM.

(B) THE COMMISSION MAY ADOPT REGULATIONS ESTABLISHING ALTERNATIVE METHODS FOR FINANCING THE REASONABLE TOTAL COSTS OF HOSPITAL UNCOMPENSATED CARE PROVIDED THAT THE ALTERNATIVE METHODS:

(1) ARE IN THE PUBLIC INTEREST;

(2) WILL EQUITABLY DISTRIBUTE THE REASONABLE COSTS OF UNCOMPENSATED CARE;

(3) WILL FAIRLY DETERMINE THE COST OF REASONABLE UNCOMPENSATED CARE INCLUDED IN HOSPITAL RATES;

(4) WILL CONTINUE INCENTIVES FOR HOSPITALS TO ADOPT EFFICIENT AND EFFECTIVE CREDIT AND COLLECTION POLICIES; AND

(5) WILL NOT RESULT IN SIGNIFICANTLY INCREASING COSTS TO MEDICARE OR THE LOSS OF MARYLAND'S MEDICARE WAIVER UNDER SECTION 1814(B) OF THE SOCIAL SECURITY ACT.

(C) ANY FUNDS GENERATED THROUGH HOSPITAL RATES UNDER AN ALTERNATIVE METHOD ADOPTED BY THE COMMISSION IN ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION MAY ONLY BE USED TO FINANCE THE DELIVERY OF HOSPITAL UNCOMPENSATED CARE.

SECTION 2. AND BE IT FURTHER ENACTED, That prior to adopting any alternative methods for financing uncompensated care under § 19-207.3 of the Health - General Article, as enacted by this Act, the Health Services Cost Review Commission shall conduct a study of the impact of increased uncompensated care and potential alternative methodologies to promote the equitable distribution of the cost of uncompensated care among hospitals. In conducting the study, the Commission shall consider among other relevant factors:

(1) The impact of alternative methodologies on individual hospital rates and in turn the effect on hospital competitiveness;

(2) The extent, if any, to which managed care programs penalize or discriminate against hospitals with high levels of uncompensated care;

(3) The appropriateness and accuracy of the current methodology for estimating the amount of uncompensated care at each hospital;

(4) The impact of the alternative methodologies on third party payors; and

(5) The impact of adopting any alternative methodology on Maryland's ability to meet the performance test for retaining the Medicare waiver.

The Commission shall complete this study by October 1, 1992.