Title 10 DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Subtitle 37 HEALTH SERVICES COST REVIEW COMMISSION

Chapter 01 Uniform Accounting and Reporting System for Hospitals and Related Institutions

Authority: Health-General Article, §§ 19-207, 19-211, 19-212, 19-212.1, 19-215, 19-216, 19-218, 19-220, 19-224, and 19-303,

Annotated Code of Maryland

.01 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) "Accounting and Reporting System for Hospitals" means the system originally adopted by the Commission in 1973 and as amended which is in effect at the time the System is referred to in these regulations. The System is also referred to as "the Rate Review System", or "the Accounting and Budget Manual for Fiscal and Operating Management".

(2) "Beneficial owner" means that person who ultimately benefits or suffers losses from the operation of the firm or has a vested interest in it, and includes, but is not limited to, limited partners, beneficiaries of voting or other trusts, and limited term and remaindermen beneficiaries or owners.

(3) "Firm" means a partnership, corporation or other business professional, or academic entity, and, in the case of sole proprietors or practitioners, the trustee himself.

(4) "Notify in writing" or "written notification" means personal delivery to the person to be notified, or mailing through the United States Postal Services, by registered or certified mail, return receipt requested to the person to be notified.

(5) "Officer" means:

(a) An individual who is elected to office pursuant to a resolution of the governing board of the hospital or related institution, to fill a position defined in the bylaws of the hospital or related institution; or

(b) An individual who, although not specifically designated as an "officer" administers the policies of the hospital or related institution, and has the authority and performs the duties in the management of the property and affairs of the hospital or related institution as may be provided in the bylaws.

(6) "Partner" means any partner who has voting power or management or policy responsibilities, regardless of restrictions thereon, but excludes limited partners or other partners who have no vote in or management or policy responsibilities as to the partnership.

(7) "Section 556 hospitals" or "hospitals" means all hospitals as defined in Article 43, §556, Annotated Code of Maryland.

(8) "Section 556 nursing homes" or "nursing homes" or "Section 556 care homes" or "care homes" means all nursing homes or care homes as defined in Article 43, §556, Annotated Code of Maryland.

(9) "Section 556 related institutions" or "related institutions" means all related institutions as defined in Article 43, §556, Annotated Code of Maryland.

(10) "Trustee" or "director" means any person serving on a governing board or committee of a nonprofit hospital or related institution who is empowered to vote on matters concerning the hospital's or related institution's governance or other matters generally concerning its policies.

(11) "Willfully" means acting in a purposeful and not a negligent or accidental manner, but need not encompass a criminal intent not to observe or to breach any statute or rule of law.

.02 Accounting System; Hospitals.

A. The Accounting System.

(l) The accounting system set forth in the Commission's "Accounting and Reporting System for Hospitals" issued in February, 1973, shall be used by all Section 556 hospitals, with the exception of those hospitals that are a part of the Department of Health and Mental Hygiene, for their fiscal year period beginning on or after April 1, 1973, and all subsequent periods.

10.37.01.02B

(2) The "Accounting and Reporting System for Hospitals", also known as the Accounting and Budget Manual for Fiscal and Operating Management (August, 1987), is incorporated by reference, including the following supplements:

(a) Supplement 1 (September 7, 1988);
(b) Supplement 2 (August 25, 1989);
(c) Supplement 3 (June 9, 1990);
(d) Supplement 4 (December 20, 1990);
(e) Supplement 5 (August 30, 1993);
(f) Supplement 6 (January 2, 1995);
(g) Supplement 7 (May 6, 1996);
(h) Supplement 8 (April 7, 1997);
(i) Supplement 9 (May 4, 1998);
(j) Supplement 10 (April 7, 1999);
(k) Supplement 11 (March 6, 2000);
(l) Supplement 12 (July 9, 2001);
(m) Supplement 13 (September 30, 2002);
(n) Supplement 14 (March 29, 2004);
(o) Supplement 15 (August 1, 2005);
(p) Supplement 16 (March 25, 2006);
(q) Supplement 17 (April 10, 2007);
(r) Supplement 18 (April 6, 2009); and
(s) Supplement 19 (February 9, 2010).

(3) The Commission shall provide each Section 556 hospital under its jurisdiction with a copy of the Accounting and Budget Manual for Fiscal and Operating Management (August, 1987), which shall represent the official interpretation of accounting and reporting practices and procedures of the System.

(4) The Executive Director is authorized and empowered by the Commission to allocate specific items to specific accounts within the system when the allocations are necessary to assure uniformity of accounting procedures.

(5) Requests for exceptions to the system may be filed as provided in §C.

B. Accrual Accounting

(1) A full accrual basis of accounting for revenue and expenses is required.

(2) Revenues shall be given recognition in the period during which the service is provided.

(3) Revenue shall be recorded at the full established rates regardless of the amounts actually paid to the hospital or on behalf of the patients.

(4) Revenue deductions shall be given accounting recognition in the same period that the related revenues are recorded.

(5) Expenses shall be given recognition in the period in which there is:

(a) A direct identification or association with revenue, as in the case of services rendered to patients;

(b) An indirect association with revenue, as in the case of salaries or rent; or

(c) A measurable expiration of asset costs even though not associated with the production of revenue for the current period as in the loss from fire.

C. Requests for Exceptions to System Manual.

(1) As provided by Health-General Article, §19-211(b), hospitals may file a written request for exception with the Commission.

(2) The Executive Director shall respond in writing promptly to the requesting hospital on receipt of the request acknowledging its receipt and providing the requesting hospital with a date by which the request shall be answered.

(3) If needed for evaluation of the request, the Executive Director will seek additional information from the appropriate source.

D. Review of Denial of Request for Exception.

(1) Any hospital denied an exception to the accounting system or manual may file a written petition to the Commission for a hearing to review the action of the Executive Director in refusing its request for exception.

(2) A petition for a hearing to review the Executive Director's action shall be filed with the Commission within 15 days of the date on which the aggrieved hospital was notified in writing of the action taken on the requested exception, and shall state the grounds for the petition.

(3) A hearing on the petition, at which the petitioner may be represented by counsel, shall be held within 30 days of the date on which the petition was filed, before a review subcommittee composed of three members of the Commissioners chosen by the Chairman for that purpose.

(4) The review subcommittee shall consist of at least two persons who have no connection with the management or policy of any hospitals or related institutions.

(5) Promptly after the hearing, the subcommittee shall report to the Commission, which shall make its decision within 45 days of the submission of the petition to review.

(6) The decision of a majority of the Commission, which shall be recorded in the form of a written decision filed with the Commission's office, shall be final, subject to the right of appeal in accordance with Health-General Article, §19-221.

.03 Reporting Requirements; Hospitals.

A. Annual Financial Statements.

(1) The following audited financial statements are required to be submitted by each Section 556 hospital, with the exception of those hospitals that are a part of the Department of Health and Mental Hygiene:

(a) Balance Sheet - Unrestricted Funds (AUB);
(b) Balance Sheet - Restricted Funds (ARB);
(c) Statement of Change in Equity (AFB);
(d) Statement of Revenue and Expense (ARE);
(e) Statement of Change in Financial Position (AFP).

(2) The above reports shall be recorded on the basis of actual data and be submitted within 90 days after the end of each hospital's fiscal year.

(3) Report AUB, ARB, AFB, ARE, and AFP as required above shall include attests by the institution's certified public accountants.

B. Monthly Financial Statements.

(l) The following unaudited financial statements are required to be submitted by each Section 556 hospital, with the exception of those hospitals that are a part of the Department of Health and Mental Hygiene:

(a) Balance Sheet - Unrestricted Funds (QUB);
(b) Balance Sheet - Restricted Funds (QRB);
(c) Statement of Revenues and Expenses (QRE).

(2) The above reports shall be recorded on the basis of actual data and be submitted within 30 days after the end of each month of the calendar year.

C. Monthly Financial Statement Summary.

(1) The following unaudited monthly financial statement summary is required to be submitted by each Section 556 hospital, with the exception of those hospitals that are a part of the Department of Health and Mental Hygiene: Financial Statement Summary - (FS).

(2) Schedule FS shall be completed on the basis of actual data in the form prescribed by the Commission contained in the "Accounting and Reporting System for Hospitals."

(3) Schedule FS is to be submitted within 30 days after the end of each month of the calendar year in the format prescribed by the Commission.

D. Monthly Reports of Achieved Volumes.

(1) The following monthly volume reports are required to be submitted by each Section 556 hospital, with the exception of those hospitals that are a part of the Department of Health and Mental Hygiene:

(a) Statistical Data Summary - Daily Hospital Services (MS);
(b) Statistical Data Summary - Ambulatory Services and Admissions Services (NS);
(c) Statistical Data Summary - Ancillary Services (PSA, PSB);
(d) Gross Patient Revenues - (RSA, RSB, RSC).

(2) Schedules MS, NS, PSA, PSB and RSA, RSB, and RSC shall be completed on the basis of actual data in the form prescribed by the Commission contained in the "Accounting and Reporting System for Hospitals."

(3) Schedules MS, NS, PSA, PSB and RSA, RSB, and RSC shall be submitted within 30 days after the end of each month of the calendar year in the format prescribed by the Commission.

E. Monthly Report of Rate Compliance.

(1) The following monthly report of rate compliance is required to be submitted by each Section 556 hospital, with the exception of those hospitals that are a part of the Department of Health and Mental Hygiene: Statistical Data Summary - Rate Compliance (CSA, CSB).

(2) Schedules CSA, CSB shall be completed on the basis of actual data in the form prescribed by the Commission contained in the "Accounting and Reporting System for Hospitals."

(3) Schedules CSA, CSB shall be submitted within 30 days after the end of each month of the calendar year in the format prescribed by the Commission.

F. Repealed.

G. Annual Report of Revenue and Volume Comparisons.

(1) The following annual report of revenue and volume comparisons is required to be submitted by each Section 556 hospital, with the exception of those hospitals that are a part of the Department of Health and Mental Hygiene: Revenue and Volume Comparisons (RVC).

(2) Schedule RVC shall be completed on the basis of actual data in the form prescribed by the Commission contained in the "Accounting and Reporting System for Hospitals."

(3) Schedule RVC shall be submitted within 90 days after the end of each hospital's fiscal year in the format prescribed by the Commission.

H. Annual Reports of Revenues, Expenses, and Volumes.

(1) The following annual reports of revenues, expenses, and volumes are required to be submitted by each Section 556 hospital, with the exception of those hospitals that are a part of the Department of Health and Mental Hygiene:

(a) Inpatient and Patient Days (V1A, V1B, V1C, V1D);
(b) Outpatient Visits (V2A, V2B);
(c) Ancillary Service Units (V3A, V3D);
(d) Equivalent Inpatient Days and Admissions (V5);
(e) Allocation of Data Processing (DP1);
(f) Unassigned Expense (UA);
(g) Hospital Based Physicians (P1A, P1B);

(h) Medical Staff Services (P2A to P2I);
(i) Physician Support Services (P3A to P3H);
(j) Residents, Interns Services - Eligible (P4A to P4I);
(k) Residents, Interns Services - Ineligible (P5A to P5I);
(l) Overhead Expense Summary (OES);
(m) General Service Center (C1 to C14);
(n) Patient Care Center (D1 to D81);
(o) Auxiliary Enterprises (E1 to E9);
(p) Other Institutional Programs (F1 to F4);
(q) Allocation of Cafeteria, Parking, Etc. (OAA to OAK);
(r) Reconciliation of Base Year Expenses to Schedule RE (RC);
(s) Statement of Revenue and Expenses (RE);
(t) Overhead Expenses Apportionment (J1 to J4);
(u) Overhead Statistical Apportionment (J51, J54);
(v) Building Facility Allowance (H1);
(w) Department Equipment Allowance (H2A to H2Y);
(x) Distribution of Capital Facilities Allowances (H3A to H3D);
(y) Capital Facility Allowance Summary (H4);
(z) Cash and Marketable Assets (GR);
(aa) Payor Differential (PDA);
(bb) MB Revenue Centers (M, MA, MB);
(cc) Unregulated Services (UR1 to UR6);
(dd) Operating Room Survey (ORS);
(ee) Other Financial Considerations (G);
(ff) Annual Cost Survey (ACS);
(gg) Transactions with Related Entities (TRE);
(hh) Revenue and Volume Comparisons (RVC);
(ii) Schedules D Personnel Schedules (PH1 to PH2);
(jj) Utilization of Therapies (TU);
(kk) (MTC) Mandated Trauma Cost; and
(ll) (SBC) Stand-by Costs.

(2) The above annual reports of revenues, expenses, and volumes shall be completed on the basis of actual data and certain projected data in the form prescribed by the Commission in the "Accounting and Reporting System for Hospitals."

(3) The above annual reports of revenues, expenses and volumes shall be submitted within 90 days after the end of each hospital's fiscal year in the format prescribed by the Commission.

(4) Collection and Submission of Data. Upon the effective date of this regulation, each hospital under the jurisdiction of the Health Services Cost Review Commission shall submit the following data elements relative to bad debts and uncompensated care in accordance with the instructions detailed in the Accounting and Budget Manual:

(a) Inpatient uncompensated care and bad debts;

(b) Outpatient uncompensated care and bad debts.

I. Repealed.

J. Special Audit.

(1) An audit of various data submitted in the Annual Reports of Revenues, Expenses, and Volumes, Wage and Salary Survey, and the Annual Report of Change in Building and Equipment Fund Balances is required to be performed by the independent certified public accounting firm of each Section 556 hospital, with the exception of those hospitals that are a part of the Department of Health and Mental Hygiene.

(2) The audit procedures shall be completed in the form prescribed by the Commission contained in the "Accounting and Reporting System for Hospitals."

(3) The results of the audit shall be submitted to the Commission within 110 days after the end of each hospital's fiscal year in the format prescribed by the Commission.

K. Annual Reports of Wage and Salary Survey.

(1) The following annual reports of wage and salary survey are required to be submitted by each Section 556 hospital, with the exception of those hospitals that are a part of the Department of Health and Mental Hygiene:

(a) Wage, Salary and Fringe Benefits Summary (WSA, WSB, WSC);

(b) Fringe Benefits Calculation (FB).

(2) Schedules WSA, WSB, WSC, and FB shall be completed on the basis of actual data in the form prescribed by the Commission contained in the "Accounting and Reporting System for Hospitals."

(3) Schedules WSA, WSB, WSC, and FB shall be submitted by June 1 of every calendar year in the format prescribed by the Commission.

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(4) The Commission may require the submission of non personally identifiable wage and salary data elements for individual employees.

L. Rate Review Reports.

(1) The following rate review reporting schedules are required to be submitted by each Section 556 hospital, with the exception of those hospitals that are a part of the Department of Health and Mental Hygiene:

(a) Inpatient and Patient Days (V1A, V1B, V1C, V1D);
(b) Outpatient Visits (V2A, V2B);
(c) Ancillary Service Units (V3A, V3D);
(d) Equivalent Inpatient Days and Admissions (V5);
(e) Allocation of Data Processing (DP1);
(f) Unassigned Expense (UA);
(g) Hospital Based Physicians (P1A, P1B);
(h) Medical Staff Services (P2A to P2I);
(I) Physician Support Services (P3A to P3H);
(j) Residents, Interns Services - Eligible (P4A to P4I);
(k) Residents, Interns Services - Ineligible (P5A to P5I);
(l) Overhead Expense Summary (OES);
(m) General Service Center (C1 to C14);
(n) Patient Care Center (D1 to D81);
(o) Auxiliary Enterprise (E1 to E9);
(p) Other Institutional Programs (F1 to F4);
(q) Allocation of Cafeteria, Parking, Etc. (OAA to OAK);
(r) Reconciliation of Base Year Expenses to Schedule RE (RC);
(s) Statement of Revenue and Expenses (RE);
(t) Overhead Expense Apportionment (J1 to J4);
(u) Overhead Statistical Apportionment (J51 to J54);
(v) Building Facility Allowance (H1);
(w) Department Equipment Allowance (H2A to H2Y);
(x) Distribution of Capital Facilities Allowances (H3A to H3D);
(y) Capital Facility Allowance Summary (H4);
(z) Cash and Marketable Assets (GR);
(aa) Payor Differential (PDA);
(bb) MB Revenue Centers (M, MA, MB);
(cc) Unregulated Services (UR1 to UR6);
(dd) Operating Room Survey (ORS);
(ee) Other Financial Considerations (G);
(ff) Annual Cost Survey (ACS);
(gg) Transactions with Related Entities (TRE);

(hh) Revenue and Volume Comparisons (RVC);
(ii) Schedules D Personnel Schedules (PH1 to PH2);
(jj) Utilization of Therapies (TU);
(kk) (MTC) Mandated Trauma Cost; and
(ll) (SBC) Stand-by Costs.

(2) The above review reports shall be completed on the basis of actual data and certain projected data in the form prescribed by the Commission in the "Accounting and Reporting System for Hospitals".

L-1. Interns and Residents Survey.

(1) Hospitals shall submit the Interns and Residents Survey to the Commission by July 15 of every calendar year.

(2) Hospitals shall complete the survey on the basis of actual data in the form prescribed by the Commission.

L-2. General Assembly Studies and Other Reports. The Commission may require hospitals to submit information in response to information required of the Commission by the Maryland General Assembly.

L-3. Annual Nonprofit Hospital Community Benefit Report.

(1) Beginning on December 15, 2009, each nonprofit hospital shall submit the Annual Nonprofit Hospital Community Benefit Report to the Commission by December 15 of every calendar year in the format prescribed by the Commission.

(2) Hospitals shall complete the report on the basis of actual date covering the reporting period of the previous July 1, through June 30

(3) The Commission shall provide instructions for completing the report in its “Accounting and Budget Manuel for Fiscal and Operating Management.”

L-4. Internal Revenue Service Form 990. Beginning on October 1, 2009, each nonprofit hospital shall submit its most recent Form 990 that the facility filed with the Internal Revenue Service within 30 days from the Internal Revenue Service filing.

M. Report Format Changes. The Commission, after consideration at a public meeting or other public forum, may modify the reporting requirements of the above reports as it deems necessary, if reasonable notice is given to each hospital under its jurisdiction and all designated interested parties using the "Accounting and Reporting System for Hospitals".

N. Failure to File Reports.

(l) A hospital under the jurisdiction of the Commission which does not file any report under the Enabling Act of the Commission, Health-General Article, Title 19, Subtitle 2, Annotated Code of Maryland, or under the regulations of the Commission, is liable for a civil penalty of up to $250 per day for each day the filing of the report is delayed unless an extension is granted as provided in §O of this regulation.

(2) These fines may not be considered reasonable costs for purposes of rate setting by the Commission.

(3) The Commission may refuse to grant a rate increase to any hospital which does not file a report required under its enabling legislation (Health-General Article, Title 19, Subtitle 2, Annotated Code of Maryland) or its regulations.

(4) Any required report submitted to the Commission which is substantially incomplete or inaccurate may not be considered timely filed. In addition, any incomplete or inaccurate report submitted by a hospital that results in, or will result in, rates which, through the application of normal Commission methodology, vary, or will vary, from the allowed corridors specified in COMAR 10.37.03.05F, may not be considered timely filed.

(5) All annual reports required to be filed with the Commission shall contain an attestation by the institutions' chief financial officer that, to the best of the officer's information and belief, the reports filed have been prepared in conformity with the Commission's uniform accounting and financial reporting system as set forth in the Manual.

(6) All annual reports required to be filed with the Commission shall contain an attestation by the institution's chief executive officer that, to the best of the officer's information and belief, neither the hospital, its related entity, nor any entity or person acting on behalf of or in concert with the hospital knowingly is participating in or receiving the benefit of any fixed price arrangement, directly or indirectly, pertaining to the delivery of hospital services without approval by the Commission.

O. Requests for Extension of Time to File Required Reports.

(1) A Section 556 hospital under the jurisdiction of the Commission may file with the Commission written requests for reasonable extensions of time to file any or all of the required reports.

(2) The requests for extensions will be supported by justification for the approval of the extension request.

(3) The Executive Director shall respond promptly in writing to the requesting hospital upon receipt of the request by either approving or disapproving the request.

(4) If it is needed for evaluation of the request, the Executive Director will seek information from the requesting hospital.

(5) Requests for extensions shall be made at a reasonable time before the due date of a required report. Extensions will be granted only for valid reasons.

(6) In the case of a submission of the Annual Reports of Revenues, Expenses, and Volumes, requests for extensions shall generally be made at least 45 days before the due date. Failure of a hospital to have its audited financial statements completed may generally not constitute a valid reason for an extension.

P. Review of Denial of Request for Extension.

(1) A hospital denied an extension of time under §O may file a written petition with the Commission for a hearing to review the action of the Executive Director in refusing its request for extension.

(2) A petition for a hearing to review the Executive Director's action shall be filed with the Commission within 15 days of the date on which the aggrieved hospital was notified in writing of the action with respect to the requested extension and shall state the grounds for the petition.

(3) A hearing on the petition, at which the petitioner may be represented by counsel, shall be held within 30 days of the date on which the petition was filed, before a review subcommittee composed of three members of the Commission chosen by the Chairman for that purpose.

(4) The review subcommittee shall consist of at least two persons who have no connection with the management or policy of any hospitals or related institutions.

(5) Promptly after the hearing, the subcommittee shall report to the Commission which shall make its decision within 45 days of the submission of the petition to review.

(6) The decision of a majority of the Commission, which shall be rendered in the form of a written decision filed in the Commission's office, shall be final, subject to the right of review in accordance with Health-General Article, §19-221.

Q. Stay of Charges.

(1) Unless the Commission reverses the Executive Director, the filing of a written petition pursuant to §P may not stay the continued accrual of the charges levied under §N against a hospital which fails to meet the deadline for filing reports required in these regulations.

(2) If the Commission affirms the decision of the Executive Director, the penalties which accrued during the appeal period may be suspended or reduced by the Commission.

.04 Accounting System: Related Institutions.

A. The Accounting System.

(1) The accounting system set forth in the Commission's "Accounting and Reporting System for Related Institutions" issued in March, 1973, shall be used by all Section 556 related institutions for their fiscal year period beginning on, or after, April 1, 1973, and all subsequent periods.

(2) The "Accounting and Reporting System for Related Institutions" is incorporated in these regulations as if set forth in full.

(3) The Commission shall provide each Section 556 related institution with a copy of "Accounting and Reporting System for Related Institutions" which may be amended pursuant to the Administrative Procedure Act, State Government Article, Title 10, Annotated Code of Maryland.

(4) The Executive Director is authorized and empowered by the Commission to allocate specific items to specific accounts within the System when the allocations are necessary to assure uniformity of accounting procedures.

(5) Requests for exceptions to the System may be filed as provided in §D, below.

B. Accrual Accounting.

(1) A full accrual basis of accounting for revenue and expenses is required.

(2) Revenues shall be given recognition in the period during which the service is provided.

(3) Revenues shall be recorded at the full established rates regardless of the amounts actually paid to the related institution by, or on behalf of, the patients.

(4) Revenue deductions shall be given accounting recognition in the same period that the related revenues are recorded.

(5) Expenses shall be given recognition in the period in which there is:

(a) A direct identification or association with revenue, as in the case of services rendered to patients.

(b) An indirect association with revenue, as in the case of salaries or rent; or

(c) A measurable expiration of asset costs even though not associated with the production of revenue for the current period, as in the case of losses from fire.

C. Manual.

(l) As may be necessary to assure uniformity of accounting and reporting procedures, the Commission may adopt a manual which will be supplemental to the system hereby adopted, to be incorporated in these regulations in the same manner as set forth in §A(2).

(2) The Commission shall provide each Section 556 related institution with a copy of the manual, which may be amended pursuant to the Administrative Procedure Act, State Government Article, Title 10, Annotated Code of Maryland.

(3) Any manual adopted by the Commission shall be the official interpretation of accounting and reporting practices and procedures within the Related Institution Accounting and Reporting System.

(4) Requests for exceptions to the manual may be filed as provided in §D, below.

D. Requests for Exceptions to System or Manual.

(1) As provided by Health-General Article, §19-211(b), related institutions may file a written request for exception with the Commission.

(2) The Executive Director shall respond in writing promptly to the requesting related institution on receipt of the request, acknowledging its receipt and providing the requesting related institution with a date by which the request shall be answered.

(3) If needed for evaluation of the request, the Executive Director will seek additional information from the appropriate source.

E. Review of Denial of Request for Exception.

(1) Any related institution denied an exception to the accounting system or manual may file a written petition to the Commission for a hearing to review the action of the Executive Director in refusing its request for exception.

(2) A petition for a hearing to review the Executive Director's action shall be filed with the Commission within 15 days of the date on which the related institution aggrieved was notified in writing of the action taken on the requested exception and shall state the grounds for the petition.

(3) A hearing on the petition, at which the petitioner may be represented by counsel, shall be held within 30 days of the date on which the petition was filed, before a review subcommittee composed of three members of the Commission chosen by the Chairman for that purpose.

(4) The review subcommittee shall consist of at least two persons who have no connection with the management or policy of any hospitals or related institutions.

(5) Promptly after the hearing, the subcommittee shall report to the Commission which shall make its decision within 45 days of the submission of the petition to review.

(6) The decision of a majority of the Commission, which shall be rendered in the form of a written decision filed in the Commission's office, shall be final, subject to the right of appeal in accordance with Health-General Article, §19-221.

.05 Reporting Requirements, Related Institutions.

A. Required Annual Reports and Statements. Each section 556 related institution shall submit annually to the Commission, within 90 days after the close of the related institution's annual accounting period (fiscal year), the following reports and statements as specified in Section III of Accounting and Reporting System for Related Institutions:

(1) A balance sheet (Schedule D);

(2) A statistical, cost finding and revenue analysis report (Schedules A, B, and G);

(3) A profit and loss statement (Schedule C);

(4) Statements of selected data related to owners and related organizations (Schedules E and F);

(5) Certification (Schedule H);

(6) A statement of its dealings and relationships with certain entities.

B. Report Formats .

(1) The required report and statement formats to be used by Section 556 related institutions when submitting the annual reports and statements required by §A, above, are those presented in the Commission's "Accounting and Reporting System for Related Institutions," except for the statement required under paragraph A(6), above.

(2) Non-profit related institutions shall file a verified statement pursuant to §A(6), above, setting forth the following information in substantially the following form:

"We, the undersigned, the Chairman of the Board of Trustees and the Chief Administrative or Executive Officer of _____hereby certify that to the best of our knowledge, information and belief _____ has transacted business which had an actual or imputed value or worth of $10,000 or greater or which entailed contract prices, consideration or other advances by the related institution in the amount of $10,000 or greater during _____ with the following firms or businesses, of which the following member or members of the related institution's Board of Trustees are employees, partners, directors, officers or beneficial owners of 3 percent or more of the capital account or stock of the firm or business:

Trustee	Affiliated firm and type or title of affiliation	Nature of transaction	Amount in dollars

_____
(Name and Title of Chairman)

_____
(Name and Title of Chief Executive Or Administrative Officer)

_____
(Name of Related Institution)

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(3) Proprietary related institutions shall file a verified statement pursuant to paragraph A(6) setting forth the following information in substantially the following form:

> "We, the undersigned, the chief executive officer and the chief administrative or financial officer of _____ hereby certify that, to the best of our knowledge, information and belief, _____ _____ has transacted business which had an actual or imputed value or worth of $10,000 or greater or which entailed contract prices, consideration or other advances by the related institution in the amount of $10,000 or greater during _____ with the following firms or organizations whose employees, partners, directors, officers or beneficial owners of 3 percent or more of the capital account or stock therein are also officers, directors or beneficial owners of 10 percent or more of the capital account or stock of _____.

Related institution owner, director or officer	Affiliated firm and type or title of affiliation	Nature of transaction	Amount in dollars

_____
(Name and Title of Chairman)

_____
(Name and Title of Chief Executive Or Administrative Officer)

_____
(Name of Related Institution)

C. Failure to File Reports.

(l) Any Section 556 related institution which does not file any report or statement required herein is liable for a civil penalty of $100 per day for each day the filing of the report or statement is delayed unless an extension is granted as provided in §D.

(2) This penalty may not be considered a part of reasonable costs for purposes of rate setting by the Commission.

D. Requests for Extension of Time to File Required Reports or Statements.

(1) Any Section 556 related institution may file with the Commission written requests for reasonable extensions of time to file any or all of the required reports or statements.

(2) The requests for extensions shall be supported by justification for the approval of the extension requests.

(3) The Executive Director shall respond promptly in writing to the requesting related institution upon receipt of the requests by either approving or disapproving the requests.

(4) If needed for evaluation of any request, the Executive Director will seek additional information from the requesting related institution.

E. Review of Denial of Request for Extension.

(l) Any related institution denied an extension of time under §D may file a written petition with the Commission for a hearing to review the action of the Executive Director in refusing its request for extension.

(2) A petition for a hearing to review the Executive Director's action shall be filed with the Commission within 15 days of the date of which the related institution aggrieved was notified in writing of the action with respect to the requested extension and shall state the grounds for the petition.

(3) A hearing on the petition, at which the petitioner may be represented by counsel, shall be held within 30 days of the date on which the petition was filed, before a review subcommittee composed of three members of the Commission chosen by the Chairman for this purpose.

(4) The review subcommittee shall consist of at least two persons who have no connection with the management or policy of any hospital or related institution.

(5) Promptly after the hearing, the subcommittee shall report to the Commission, which shall make its decision within 45 days after the date of the submission of the petition to review.

(6) The decision of a majority of the Commission, which shall be rendered in the form of a written decision filed in the Commission's office, shall be final, subject to the right of review in accordance with Health-General Article, §19-227.

F. Stay of Charges.

(l) Unless the Commission reverses the action of the Executive Director, the filing of a petition pursuant to §E may stay the continued accrual of the charges levied under §C against a related institution which fails to meet the deadline for filing reports or statements required in these regulations.

(2) In cases where the Commission affirms the action of the Executive Director, the penalties which accrued during the appeal may be suspended or reduced by the Commission.

.06 Non-Profit Hospitals and Related Institutions: Disclosure of Interest by Trustees.

A. The Guide and Instructions. The Guide for the Trustee's Disclosure of Interest Statement and the instructions for it set forth immediately following these regulations concerning disclosure, are hereby incorporated in these regulations.

B. Periods Covered by the Statement. The statement shall report all business transactions described in Health-General Article, §l9-220, Annotated Code of Maryland, during the hospital's or related institution's fiscal year beginning on, or after, July l, l973 and an additional statement shall report business transactions during each succeeding fiscal year of the hospital or related institution or fraction of that year that the trustee serves the hospital or related institution.

C. Filing of Statements. The trustee shall file the completed, executed, and verified statement with the Commission within 90 days after the end of the fiscal year to which it applies.

D. Failure or Delay in Filing Statements.

(l) Any trustee who does not file the statement on the date it is due is liable for a civil penalty or fine of $25 per day for each day the filing of the statement is delayed, unless an extension is granted and a stay of filing is granted as provided in §§E, F, and G.

(2) This penalty or fine may not be considered reasonable costs for the purposes of rate setting by the Commission if the hospital or related institution reimburses or indemnifies the trustee therefore in any manner.

E. Request for Extension of Time to File Statements.

(l) A trustee may file with the Commission a written request for a reasonable extension of time to file his statement.

(2) The request for extension shall be supported by justification for the approval of the extension request.

(3) The Executive Director shall respond promptly in writing to the requesting trustee upon receipt of the request by either approving or disapproving the request.

(4) If needed for evaluation of the request, the Executive Director may seek additional information from the requesting trustee, his firm, the hospital or related institution on whose board he serves, or other pertinent sources.

F. Review of Denial of Request for Extension.

(l) Any trustee denied or given an inadequate extension or time under §E, above, may file a written petition with the Commission to review the action of the Executive Director in refusing his request for extension or giving him an inadequate extension, within l0 days of the date on which the trustee was notified in writing of the action with respect to the requested extension. The petition shall state the grounds for the proposed extension and request a review of the denial of his request for it.

(2) A hearing on the petition, at which the petitioner may be represented by counsel, shall be held within 20 days of the date on which the petition was filed, before a disclosure subcommittee composed of one or more members of the Commission chosen by the Chairman for that purpose.

(3) The disclosure subcommittee shall consist of a majority of persons who have no connection with the management of policy of any hospital or related institution.

(4) Promptly after the hearing, the disclosure subcommittee shall report to the Commission which shall render its decision within 30 days of the submission of the petition to review.

(5) The decision of a majority of the Commission, which shall be rendered in the form of a written decision filed in the Commission's office, shall assess a specific penalty not exceeding the amount of penalty set forth in §D, above, or state that no penalty is imposed, as set forth in these regulations, and shall be final, subject to the right of review in accordance with Health-General Article, §l9-221, Annotated Code of Maryland.

G. Accrual of Penalty. The filing of a petition pursuant to paragraph F, above, may not stay the accrual of the penalty imposed pursuant to §D, above. However, the penalty may not be assessed against or collected from the trustee until the conclusion of the proceeding initiated by the trustee's petition. The penalty may be modified in accordance with the Commission's decision, and the Commission may abate or reduce the penalty as justice and equity may require.

H. Review, Question, and Substantiation of the Statement.

(l) During the 6 months immediately following the filing of each statement, the Commission, after a review of it, may question the statement and require substantiation of facts and matters set forth in it.

(2) During the 3 years immediately following the filing of each statement, the Commission, after a review of it, may question the statement as to any relevant fact or matter not set forth in it and require explanations and other disclosures regarding these facts and matters.

(3) During the 4 years immediately following the end of each fiscal year of a hospital or related institution, the Commission may question the business transactions between the hospital or related institution and any firm connected as set forth in these regulations with any of the hospital's or related institution's trustees who did not file a statement pertaining to that year.

(4) Upon any question by the Commission as set forth above, the Commission's staff may investigate the questioned situation and hold informal conferences with the trustee in question, or other persons having knowledge of the situation, and hearings may be held on it by the Commission or a subcommittee of the Commission.

(5) At informal conferences of the questioned trustee or other persons with the Commission staff, the attendance of persons and the production of specific records, documents, contracts, data, checks, ledgers, or other papers of the trustee, his firm, or the hospital or related institution may be requested, and the Executive Director or his designee may administer oaths or affirmations in the course of statements by any person and in the course of proffers of documents or other papers by the trustee or any person.

(6) At hearings held as a result of any questions regarding a trustee's disclosure or lack of disclosure, as set forth above, the Commission may subpoena witnesses, papers, records, and documents relating to it in the possession of any person, entity, or hospital or related institution.

(7) At any time before or during an informal conference held under these regulations, the questioned trustee, if he is scheduled to appear or is present at the conference, or the senior member of the Commission's staff participating in the conference, may request a hearing thereon before the Commission or a subcommittee of the Commission, and this informal conference shall be cancelled or terminated, as the case may be, and a hearing promptly scheduled.

(8) Statements, facts or matters fully set forth in it may not be questioned after 6 months after its filing, and unless the particular trustee is notified in writing of the question by the Commission during the 6 month period, all investigations of it shall cease. However, all questions, investigations, and other actions begun during the 6 month period or which are the subject of notice to the trustee as set forth above, shall be continued to a proper conclusion.

I. Information Required of Non-Profit Facilities.

(1) A non-profit facility subject to the jurisdiction of the Commission shall file with the Commission within 90 days from the close of its fiscal year a list of all trustees, directors, or officers of the facility.

(2) The list shall include the following:

(a) The name and business address of the trustee, director, or officers; and

(b) For each person so named, the non-profit facility shall indicate whether the trustee, director, or officer is also an employee, partner, director, or beneficial owner of 3 percent or more of the capital account or stock of a partnership, firm, corporation, or any other business entity.

(3) The information referred to in §I(2)(b), above, shall only be required if the business entity engaged in a transaction of $10,000 or more with the non-profit facility during the previous fiscal year.

.07 Further Investigation by Commission.

In order for the Commission to be able to assure the public that the costs of a hospital are reasonable and that the reports submitted by a hospital are accurate, the Commission may, at any time, conduct an investigation of a hospital's relevant records and accounts.

.08 Notification of Certain Financial Transactions.

A. General. A facility subject to the jurisdiction of the Commission shall notify the Commission, in writing, within 30 days before executing any financial transaction, contract, or other agreement that would:

(1) Pledge more than 50 percent of the operating assets of the facility as collateral for a loan or other obligation; or

(2) Result in more than 50 percent of the operating assets of the facility being sold, leased, or transferred to another person or entity.

B. Information Required. A facility shall file with the Commission within 30 days before executing a proposed financial transaction, contract, or other agreement as required in §A of this regulation, the following information:

(1) The name and address of the person or entity to whom the operating assets of the facility are being sold, leased, transferred, or pledged as collateral for a loan or other obligation; and

(2) The precise nature of the financial transaction, contract, or other agreement.

C. Failure or Delay in Reporting Certain Financial Transactions.

(1) A facility under the jurisdiction of the Commission which does not notify the Commission of a proposed financial transaction, contract, or other agreement as required under §A of this regulation, is subject to all penalties prescribed by Commission law and regulation on failure to comply with reporting requirements.

(2) A required statement submitted to the Commission that is substantially incomplete or inaccurate is not considered timely filed.

D. Publication of Notice by Commission. The Commission shall publish a notice of the proposed financial transaction, contract, or other agreement reported by a facility, in accordance with §A of this regulation, in a newspaper of general circulation in the area where the facility is located.

E. Exception. The provisions of this regulation do not apply to any financial transaction, contract, or other agreement made by a facility with any issuer of tax exempt bonds, including the Maryland Health and Higher Education Facilities Authority, the State,
or any county or municipal corporation of the State, if a notice of the proposed issuance of revenue bonds that meets the requirements of §147(F) of the Internal Revenue Code has been published.

Instructions for Completion of Trustee's Disclosure of Interest Statement

General Instructions

I. The attached statement is a guide, not a form. It need not be followed exactly, but all information required must be submitted in substantially this manner.

II. See Health Services Cost Review Commission Regulations l0.37.0l.0l and following for definitions of specific words and phrases in the Guide, and see Health Services Cost Review Commission Regulations l0.37.0l.06 and following for further information regarding the Statement.

III. For statutory authorization of the Statement, see Health-General Article, §19-224, Annotated Code of Maryland.

IV. Specific instructions are keyed to the numbers in parentheses on the Guide for the heading and the closing and are keyed to column head letters (A, B, etc.) for required information.

Specific Instructions

Heading and Closing

(l) The name and address are self explanatory. The major activity description may be a brief title such as "commercial and industrial realtor" or it may be a longer description, such as "associate professor of industrial engineering, actively teaching, and consultant to food processing and canning corporations".

(2) Check the appropriate block as to whether the institution involved is a hospital or a related institution, as defined in Health-General Article, §l9-30l, Annotated Code of Maryland.

(3) Self explanatory as to the hospital/institution.

(4) The date inserted should be the date the statement is signed by the Trustee at Item (7).

(5) Self explanatory: See Health Services Cost Review Commission Regulation No. l0.37.0l.06B as to this period coinciding with the period of the Accounting and Reporting System of the hospital/institution.

(6) The oath or affirmation may either be taken by a Notary Public or another public official authorized to administer oaths, in standard form, or the trustee may sign the Statement under a declaration that it is true and correct under the penalties of perjury.

(7) Self-Explanatory.

(8) The name of the person or firm placing the value on the business, dealings or consideration, even if it is the Trustee himself, should be inserted here.

(9) If a person or firm other than the Trustee appraises the value of the business dealings or consideration, a list of his qualifications shall be attached and this list may either describe his experience in the field, or list his certifications and academic degrees or both. The appraiser, whether practicing individually or as an employee of a firm or association, shall sign the statement, even though his firm name and address are also given.

Informational Columns

A. Self explanatory. If the Trustee is self employed or manages his own one-man corporation, the trade or professional name used in his business or profession should be given.

B. Self explanatory. Again, as in (l), either a brief title or a longer description may be used.

C. Self explanatory. Again, if the Trustee is self employed or manages a one man corporation, such facts should be given.

D. Self explanatory. Whether or not the dealings are continuous, sporadic or constitute a single transaction should also be given.

10.37.01.08E

E. and F. It is not necessary to complete both columns. That column which is more appropriate to the type of business or dealings of the trustee with the hospital/institution should be used.

MARYLAND HEALTH SERVICES COST REVIEW COMMISSION
TRUSTEE'S DISCLOSURE OF INTEREST STATEMENT

(1) TRUSTEE DIRECTOR OR OFFICER:

_____
(NAME)

_____

_____
(BUSINESS ADDRESS)

_____
(MAJOR BUSINESS, PROFESSIONAL ACADEMIC ACTIVITY)

(2) NON PROFIT HOSPITAL ( ), OR RELATED INSTITUTION ( ):

(3)

_____
(NAME)

_____
(ADDRESS)

_____

(4)_____, 19__
(DATE OF STATEMENT)

(5) PERIOD COVERED:

FROM_____, 19__

TO _____, 19__

COMPLETE EITHER COLUMN E OR F, BOTH COLUMNS NEED NOT BE COMPLETED

A	B	C	D	E	F
NAME AND ADDRESS OF TRUSTEE'S FIRM	MAJOR BUSINESS, PROFESSIONAL OR ACADEMIC ACTIVITY OF FIRM	TITLE, RELATIONSHIP OR POSITION OF TRUSTEE IN THE FIRM	TYPE OR NATURE OF BUSINESS, TRANSACTIONS DEALINGS OR SERVICES BY AND BETWEEN HOSPITAL/INSTITUTION AND TRUSTEE'S FIRM HAVING AN ACTUAL OR IMPUTED VALUE OR WORTH TO THE FIRM OF $10,000 OR MORE	MONETARY VALUE OF BSUINESS OR TRANSACTIONS TO TRUSTEE'S FIRM	CONSIDERATION FOR OR PRICE OF GOODS AND/OR SERVICES RENDERED FROM HOSPITAL/INSTITUTION

(6) OATH OR AFFIRMATION

A. OATH OF TRUSTEE BEFORE NOTARY PUBLIC THAT THE STATEMENT IS TRUE TO THE BEST OF THE KNOWLEDGE, INFORMATION AND BELIEF OF THE TRUSTEE

OR

B. SIGNATURE OF TRUSTEE, UNDER DECLARATION THAT STATEMENT IS TRUE AND CORRECT UNDER THE PENALTIES OF PERJURY.

(7) (SIGNATURE OF TRUSTEE)
TYPED NAME OF TRUSTEE

(8) RESPONSIBILITY FOR ABOVE VALUE CONSIDERATION OR PRICE IS ASSUMED BY:

_____
(NAME OF TRUSTEE FIRM OR QUALIFIED APPRAISER)

(9) IF QUALIFIED APPRAISER, ATTACH QUALIFICATION OR OTHER INDICIA IF EXPERTISE AND CERTIFY AS TO VERACITY AND COMPLETENESS:

_____
(QUALIFIED APPRAISER'S FIRM NAME NAD ADDRESS)