
By: Delegates Elliott and Hecht

Introduced and read first time: February 2, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 Health Care Providers - Reasonable Reimbursement for Health Care Services

3 FOR the purpose of requiring the reasonable reimbursement to certain health care
4 providers for certain health care services; requiring reasonable reimbursement to
5 health care providers under nonprofit health service plans, by health insurers,
6 health benefit plans to hospitals under certain circumstances, under the Maryland
7 Medical Assistance Program, for certain drug products under the Program, and by
8 health maintenance organizations; requiring State procurement contracts for health
9 care services to provide reasonable reimbursement to certain health care providers;
10 requiring regulations adopted by the Secretary of Budget and Fiscal Planning under
11 the State Employee and Retiree Health and Welfare Benefits Program to require
12 contracts for health care services to provide reasonable reimbursement to certain
13 health care providers; and generally relating to the reasonable reimbursement of
14 health care providers.

15 BY repealing and reenacting, with amendments,
16 Article 48A - Insurance Code
17 Section 354Z(a), 470U(a), 490DD, and 698B
18 Annotated Code of Maryland
19 (1994 Replacement Volume and 1995 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article - Health - General
22 Section 15-105(a) and (c) and 15-118(c)(2)
23 Annotated Code of Maryland
24 (1994 Replacement Volume and 1995 Supplement)

25 BY repealing and reenacting, with amendments,
26 Article - Health - General
27 Section 19-712.1
28 Annotated Code of Maryland
29 (1990 Replacement Volume and 1995 Supplement)

30 BY adding to
31 Article - State Finance and Procurement

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1 Section 13-218(f)
2 Annotated Code of Maryland
3 (1995 Replacement Volume and 1995 Supplement)

4 BY repealing and reenacting, with amendments,
5 Article - State Personnel and Pensions
6 Section 8-103
7 Annotated Code of Maryland
8 (1994 Volume and 1995 Supplement)

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

11 **Article 48A - Insurance Code**

12 354Z.

13 (a) Notwithstanding any provision of a group or individual policy or contract
14 issued by a nonprofit health service plan, or any certificate issued thereunder, of health,
15 sickness, accident, or disability insurance, delivered or issued for delivery within the
16 State, whenever such policy, contract, or certificate provides for reimbursement for any
17 service which is within the lawful scope of practice of a health care provider duly licensed
18 under the Health Occupations Article, the insured, or any other person covered by, or
19 entitled to reimbursement under, the policy, contract, or certificate, shall be entitled to
20 REASONABLE reimbursement for such service. The provisions of this section apply to all
21 such policies, contracts, or certificates issued, renewed, modified, altered, amended, or
22 reissued on or after July 1, 1984.

23 470U.

24 (a) Notwithstanding any provision of a group or individual policy or contract,
25 including profit and nonprofit health plans, or any certificate issued thereunder, of
26 health, sickness, accident, or disability insurance, delivered or issued for delivery within
27 the State, whenever such policy, contract, or certificate provides for reimbursement for
28 any service which is within the lawful scope of practice of a health care provider duly
29 licensed under the Health Occupations Article, the insured, or any other person covered
30 by, or entitled to reimbursement under, the policy, contract, or certificate, shall be
31 entitled to REASONABLE reimbursement for such service. The provisions of this section
32 apply to all such policies, contracts, or certificates issued, renewed, modified, altered,
33 amended, or reissued on or after July 1, 1984.

34 490DD.

35 (a) (1) In this section the following words have the meanings indicated.

36 (2) "Carrier" means:

37 (i) An insurer;

38 (ii) A nonprofit health service plan;

39 (iii) A health maintenance organization;

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1 (iv) A dental plan organization; or

2 (v) Any other person or organization that provides health benefit
3 plans subject to State regulation.

4 (3) "Health care practitioner" means any individual who is licensed,
5 certified, or otherwise authorized under the Health Occupations Article to provide health
6 care services.

7 (b) A carrier that reimburses a health care practitioner on an aggregate fixed sum
8 basis or on a per capita basis may not reimburse the health care practitioner in an amount
9 less than the sum or rate negotiated in the carrier's provider contract with the health care
10 practitioner.

11 (c) A CARRIER THAT ENTERS INTO A PROVIDER CONTRACT WITH A HEALTH
12 CARE PRACTITIONER FOR REIMBURSEMENT ON AN AGGREGATE FIXED SUM BASIS
13 OR ON A PER CAPITA BASIS SHALL PROVIDE REASONABLE REIMBURSEMENT TO THE
14 HEALTH CARE PRACTITIONER UNDER THE CONTRACT.

15 (D) This section does not prohibit a carrier from providing bonuses or other
16 incentive-based compensation to a health care practitioner if the bonus or other
17 incentive-based compensation does not:

18 (1) Violate the provisions of § 19-705.1 of the Health - General Article; or

19 (2) Deter the delivery of medically appropriate care to an enrollee.

20 698B.

21 Notwithstanding any other provision of this subtitle, health benefit plans shall
22 [reimburse] PROVIDE REASONABLE REIMBURSEMENT TO hospitals in accordance
23 with the rates approved by the State Health Services Cost Review Commission.

24 **Article - Health - General**

25 15-105.

26 (a) The Department shall adopt rules and regulations for the REASONABLE
27 reimbursement of providers under the Program. However, except for an invoice that must
28 be submitted to a Medicare intermediary or Medicare carrier for an individual who may
29 have both Medicare and Medicaid coverage, payment may not be made for an invoice that
30 is received more than 1 year after the dates of the services given.

31 (c) (1) The Department shall adopt regulations for the REASONABLE
32 reimbursement of specialty outpatient treatment and diagnostic services rendered to
33 Program recipients at a freestanding clinic owned and operated by a hospital that is under
34 a capitation agreement approved by the Health Services Cost Review Commission.

35 (2) The reimbursement rate under paragraph (1) of this subsection shall be
36 set according to Medicare standards and principles for retrospective cost reimbursement
37 as described in 42 CFR Part 413 or on the basis of charges, whichever is less.

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1 15-118.

2 (c) (2) The Program shall establish maximum REASONABLE reimbursement
3 levels for the drug products listed under paragraph (1) of this subsection based on the
4 cost of the available generic products.

5 19-712.1.

6 (a) A HEALTH MAINTENANCE ORGANIZATION SHALL PROVIDE REASONABLE
7 REIMBURSEMENT TO ANY PROVIDER FOR COVERED SERVICES THAT THE
8 PROVIDER RENDERS TO THE MEMBERS OF THE HEALTH MAINTENANCE
9 ORGANIZATION.

10 (B) For covered services rendered to its members, a health maintenance
11 organization shall reimburse any provider within 30 days after receipt of a claim that is
12 accompanied by all reasonable and necessary documentation.

13 [(b)] (C) (1) If a health maintenance organization fails to comply with
14 subsection [(a)] (B) of this section, the health maintenance organization shall pay
15 interest beginning with the 31st day on the amount of the claim that remains unpaid after
16 30 days following the receipt of the claim.

17 (2) The interest payable shall be at the rate of 1.5 percent per month simple
18 interest prorated for any portion of a month.

19 (3) Except as provided in subsection [(c)] (D) of this section, when paying
20 a claim more than 30 days after its receipt, the health maintenance organization shall add
21 the interest payable to the amount of the unpaid claim without the necessity for any claim
22 for that interest to be made by the provider filing the original claim.

23 [(c)] (D) The provisions of this section do not apply to claims where:

24 (1) There is a good faith dispute regarding:

25 (i) The legitimacy of the claim; or

26 (ii) The appropriate amount of reimbursement; and

27 (2) The health maintenance organization:

28 (i) Notifies the provider within 2 weeks of the receipt of the claim that
29 the legitimacy of the claim or the appropriate amount of reimbursement is in dispute;

30 (ii) Supplies in writing to the provider the specific reasons why the
31 legitimacy of the claim, or a portion of the claim, or the appropriate amount of
32 reimbursement is in dispute;

33 (iii) Pays any undisputed portion of the claim within 30 days of the
34 receipt of the claim; and

35 (iv) Makes a good faith, timely effort to resolve the dispute.

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1 **Article - State Finance and Procurement**

2 13-218.

3 (F) ANY PROCUREMENT CONTRACT WITH A HEALTH CARE PROVIDER DULY
4 LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE FOR HEALTH CARE
5 SERVICES SHALL PROVIDE FOR REASONABLE REIMBURSEMENT TO THE PROVIDER.

6 **Article - State Personnel and Pensions**

7 8-103.

8 (a) The Secretary shall:

9 (1) adopt regulations for the administration of the Program;

10 (2) ensure that the Program complies with all federal and State laws
11 governing employee benefit plans; and

12 (3) each year, recommend to the Governor the State share of the costs of
13 the Program.

14 (b) The Secretary may arrange as the Secretary considers appropriate any benefit
15 option for inclusion in the Program.

16 (c) The Secretary shall specify by regulation the types or categories of State
17 employees who:

18 (1) are eligible to enroll and participate in the Program with State subsidies;

19 (2) are eligible to enroll and participate in the Program without State
20 subsidies; and

21 (3) are not eligible to enroll or participate in the Program.

22 (d) (1) The regulations adopted by the Secretary shall include provisions for the
23 enrollment and participation of employees of all:

24 (i) organizations and entities that were participating in the Program
25 as satellite organizations on January 1, 1993; and

26 (ii) employee organizations that qualify for payroll deductions under
27 the provisions of § 6-402 of this article.

28 (2) Employees of organizations and entities covered by this section may
29 participate:

30 (i) without State subsidies; and

31 (ii) with payment by the organization or entity of administrative costs
32 resulting from the participation of its employees in the Program.

33 (3) The regulations adopted by the Secretary under this subsection shall
34 provide that an employee organization specified in paragraph (1)(ii) of this subsection:

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1 (i) may not enroll or participate in the Program unless the
2 organization has notified the Secretary of Budget and Fiscal Planning, in writing, on or
3 before July 1, 1994 of the organization's intent to enroll and participate in the Program
4 during calendar year 1994; and

5 (ii) may not enroll or participate in the Program on or after January 1,
6 1995 unless the organization has participated in the Program during calendar year 1994.

7 (E) THE REGULATIONS ADOPTED BY THE SECRETARY UNDER THIS SECTION
8 SHALL REQUIRE ANY STATE CONTRACT WITH A HEALTH CARE PROVIDER DULY
9 LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE FOR HEALTH CARE
10 SERVICES TO PROVIDE REASONABLE REIMBURSEMENT TO THE PROVIDER.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 October 1, 1996.