

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1207 (Delegate Hammen, et al.)
Environmental Matters

Referred to Finance

**Primary Source Verification Information and Procedures for Physicians and
External Review of Quality for Health Maintenance Organizations**

This enrolled bill authorizes the Secretary of Health and Mental Hygiene (DHMH) to accept the report of an approved accrediting organization as meeting the requirement for an external review of the quality of the health services of a health maintenance organization (HMO) by DHMH. The Secretary is authorized to inspect an HMO facility to investigate complaints, follow up on a problem identified in an accreditation report, or determine compliance with State quality requirements.

The bill adds organizations qualified to perform primary source verification to the list of entities considered medical review committees and requires the Secretary to adopt regulations for a credentialing primary source verification information system available for all physicians licensed under the Health Occupations Article by January 1, 1997. The regulations are to include (1) procedures for the collection and release of primary source verification information; and (2) standards by which any organization can be qualified by DHMH to perform primary source verification.

Fiscal Summary

State Effect: Potential minimal decrease in general fund expenditures. No effect on revenues.

Local Effect: None.

Fiscal Analysis

Background: Credentialing is now done by hospitals, HMOs, and nursing homes (or private organizations on behalf of hospitals, HMOs and nursing homes) to collect and verify information about the background of a physician applying for practice privileges.

State Effect:

External Review of HMO Health Services

Of the 21 currently licensed HMOs, two have full accreditation and three have one-year accreditation status. Assuming that the Secretary of Health and Mental Hygiene will consider only fully accredited HMOs as meeting the external review requirements of State law, 19 HMOs would continue to require an external review by the department. Although future year general fund expenditures could theoretically decrease to the extent that a greater number of HMOs receive full accreditation and the department conducts fewer HMO survey reviews, it is more likely that staff resources no longer needed to conduct HMO surveys will be reassigned to other licensure functions.

Credentialing Primary Source Verification Information System

Any additional workload can be handled with existing budgeted resources.

Information Source(s): Department of Health and Mental Hygiene (Licensing and Certification), Insurance Administration, Department of Budget and Fiscal Planning, Department of Fiscal Services

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lc Revised - Enrolled Bill - May 7, 1996

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