HB 336

Department of Fiscal Services

Maryland General Assembly

FISCAL NOTE

House Bill 336 (Delegate Morhaim)
Economic Matters

Health Maintenance Organizations - Reimbursement - Emergency Follow-up Care

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This bill requires an HMO to reimburse an emergency facility physician for follow-up care if the care is related to the condition which resulted in a surgical procedure performed at the emergency facility and the HMO authorized the enrollee to use the emergency facility. The cost to the enrollee for the follow-up care with the emergency facility physician may not exceed the co-payment for seeing a participating HMO provider, even if the emergency facility physician is not a participating provider. The HMO will reimburse physicians for procedures performed during a generally accepted follow-up period.

Fiscal Summary

State Effect: General fund expenditures and revenues could increase by a indeterminate minimal amount in FY 1998.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase by an indeterminate amount. Revenues would not be affected.

Small Business Effect: Potential minimal effect on small businesses as discussed below.

Fiscal Analysis

State Expenditures: It is assumed that the cost to an HMO of a follow-up visit with an emergency room physician is higher than the cost of a visit to a participating HMO provider. This is because an HMO is able to negotiate rates with the participating provider and reimbursements to participating providers are on a capitated basis. In addition, this bill requires HMOs to reimburse emergency facility providers for providing certain follow-up care without imposing additional costs on enrollees other than the co-payment that is required for a visit to a primary care provider (PCP). As a result, medical care costs for HMOs would increase. The increase, however, is expected to be minimal because it is assumed that most enrollees would prefer to obtain follow-up care from their PCP. In any event, the increased cost would cause HMOs to raise premiums and thus expenditures for the State employee health benefit plan would increase by an indeterminate minimal amount.

This bill would not directly affect the Medicaid program, but would indirectly affect it through the HMOs with which Medicaid contracts. The Medicaid program reimburses providers only for medically necessary procedures. Under this bill, certain medical care costs incurred by the HMO may not be considered medically necessary by the program and as such, would not qualify for Medicaid reimbursement. In the short term, this bill would not affect the Medicaid program. However, in the long term the bill could increase expenditures minimally if HMOs with which Medicaid contracts persuade the State to increase the reimbursement rates to HMOs to accommodate the increase in costs as a result of the bill.

Local Expenditures: Expenditures for local jurisdiction employee health benefits could increase by an indeterminate amount, depending upon the current type of health care coverage offered and the number of enrollees.

Small Business Effect: It is expected that the cost to an HMO of a follow-up visit with an emergency room physician is expected to be higher than the cost of a visit to a participating HMO provider. This is because the HMO is able to negotiate rates with the participating provider and reimbursements are on a capitated basis. In addition, this bill would require HMOs to reimburse emergency facility providers for providing certain follow-up care and not impose additional cost on the enrollee other than the co-payment that is required for a visit to a primary care provider (PCP). As a result, medical care costs for HMOs would increase. The increase, however, is expected to be minimal because it is assumed that most enrollees would prefer to obtain follow-up care from their PCP.

Reimbursements to emergency facility physicians may increase as a result of this bill. To the extent that some of these physicians can be considered a small business, revenues for small businesses would increase.

In 1995, 40% of small businesses were covered under the Comprehensive Standard Health Benefit Plan (CSHBP), which is exempt from State mandates. For the remaining 60% of small businesses, health insurance costs would increase if they offer health insurance coverage through HMOs. Alternatively, small businesses could pass an increase in insurance premium costs onto their employees.

Information Source(s): Insurance Administration, Department of Budget and Management, Department of Health and Mental Hygiene (Medical Care Policy Administration), Department of Fiscal Services

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