
By: **Delegates Barve and Goldwater**
Introduced and read first time: February 19, 1998
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Reimbursement of Health Care Practitioners**

3 FOR the purpose of prohibiting certain carriers from reimbursing a certain health
4 care practitioner with whom the carrier has a contract in an amount less than
5 that specified in a certain reimbursement schedule; prohibiting a certain carrier
6 from altering a certain reimbursement schedule if the alteration is based on
7 certain factors; requiring certain carriers to provide a copy of a certain
8 reimbursement schedule and a certain formula or methodology to certain health
9 care practitioners at certain times; making this Act applicable to certain
10 contracts in effect on a certain date and issued on or after a certain date;
11 providing that this Act does not prohibit certain action by a certain carrier;
12 defining certain terms; and generally relating to certain reimbursement for
13 certain health care practitioners.

14 BY repealing and reenacting, with amendments,
15 Article - Insurance
16 Section 15-113
17 Annotated Code of Maryland
18 (1997 Volume)

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

21 **Article - Insurance**

22 15-113.

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

24 (2) "CAPITATED REIMBURSEMENT SCHEDULE" MEANS THE GLOBAL
25 PAYMENT AMOUNTS THAT A CARRIER HAS GENERALLY ESTABLISHED FOR
26 PAYMENTS TO HEALTH CARE PRACTITIONERS WITH WHOM THE CARRIER
27 CONTRACTS WITHIN A PARTICULAR SPECIALITY OR SUBSPECIALTY OR GEOGRAPHIC
28 REGION, OR BOTH, FOR A SPECIFIED GROUP OF MEDICAL SERVICES PROVIDED TO A
29 GROUP OF ENROLLEES OR INSUREDS OF THE CARRIER WHO:

1 (I) ARE GENERALLY DEFINED BY AGE, GENDER, OR BOTH; AND

2 (II) HAVE DESIGNATED THE HEALTH CARE PRACTITIONERS WITH
3 WHOM THE CARRIER CONTRACTS AS THEIR SPECIFIC PROVIDERS OF SERVICES.

4 [(2)] (3) "Carrier" means:

5 (i) an insurer;

6 (ii) a nonprofit health service plan;

7 (iii) a health maintenance organization;

8 (iv) a dental plan organization; or

9 (v) any other person that provides health benefit plans subject to
10 regulation by the State.

11 [(3)] (4) "Health care practitioner" means an individual who is licensed,
12 certified, or otherwise authorized under the Health Occupations Article to provide
13 health care services.

14 (5) "MEDICAL SERVICES" MEANS ANY COVERED SERVICES TO WHICH AN
15 ENROLLEE OR INSURED OF A CARRIER IS ENTITLED UNDER THE CARRIER'S
16 CONTRACT WITH THE ENROLLEE OR INSURED.

17 (6) (I) "REIMBURSEMENT SCHEDULE" MEANS THE PAYMENT
18 AMOUNTS THAT A CARRIER HAS GENERALLY ESTABLISHED FOR PAYMENTS TO
19 HEALTH CARE PRACTITIONERS WITH WHOM THE CARRIER CONTRACTS WITHIN A
20 PARTICULAR SPECIALTY OR SUBSPECIALTY, OR GEOGRAPHIC REGION, OR BOTH, FOR
21 THE PERFORMANCE OF A SPECIFIC MEDICAL SERVICE OR GROUP OF MEDICAL
22 SERVICES.

23 (II) "REIMBURSEMENT SCHEDULE" INCLUDES THE PROPOSED
24 PAYMENTS FOR ALL EVALUATION AND MANAGEMENT SERVICES AND ANY SURGICAL
25 PROCEDURES THAT A HEALTH CARE PRACTITIONER WOULD REASONABLY BE
26 EXPECTED TO PERFORM FOR A CARRIER'S ENROLLEES OR INSUREDS WITHIN THE
27 PARAMETERS OF THE HEALTH CARE PRACTITIONER'S SPECIALTY OR SUBSPECIALTY.

28 (7) "RISK POOL" MEANS THE PORTION OF PREMIUM INCOME THAT A
29 CARRIER SETS ASIDE FOR PERIODIC DISTRIBUTION TO HEALTH CARE
30 PRACTITIONERS WITH WHOM THE CARRIER CONTRACTS BASED ON THE OVERALL
31 UTILIZATION OF SERVICES OVER A DESIGNATED PERIOD.

32 (B) THIS SECTION:

33 (1) APPLIES TO:

34 (I) ALL CONTRACTS OF A CARRIER IN EFFECT ON JULY 1, 1998; AND

1 (II) ALL CONTRACTS ISSUED BY A CARRIER ON OR AFTER JULY 1,
2 1998;

3 (2) DOES NOT PROHIBIT A CARRIER FROM:

4 (I) CONTRACTING WITH A HEALTH CARE PRACTITIONER TO
5 PROVIDE MEDICAL SERVICES UNDER A CAPITATED REIMBURSEMENT SCHEDULE IF
6 THE CAPITATED REIMBURSEMENT SCHEDULE DOES NOT VIOLATE SUBSECTIONS (C)
7 AND (D) OF THIS SECTION;

8 (II) CONTRACTING WITH A HEALTH CARE PRACTITIONER TO
9 PROVIDE MEDICAL SERVICES BASED ON A REIMBURSEMENT SCHEDULE THAT
10 DIFFERS FROM THE REIMBURSEMENT SCHEDULE IN GENERAL USE BY THE CARRIER,
11 IF THE ALTERNATIVE REIMBURSEMENT SCHEDULE DOES NOT VIOLATE
12 SUBSECTIONS (C) AND (D) OF THIS SECTION; OR

13 (III) PROVIDING BONUSES OR OTHER INCENTIVE-BASED
14 COMPENSATION TO A HEALTH CARE PRACTITIONER IF THE BONUS OR OTHER
15 INCENTIVE-BASED COMPENSATION:

16 1. DOES NOT VIOLATE § 19-705.1 OF THE HEALTH - GENERAL
17 ARTICLE;

18 2. DETER THE DELIVERY OF MEDICALLY APPROPRIATE
19 CARE TO AN ENROLLEE;

20 3. IS BASED ON THE ACHIEVEMENT OF CERTAIN
21 NONCLINICAL ADMINISTRATIVE GOALS THE CARRIER MAY REQUIRE;

22 4. IS BASED ON THE RESULTS OF PATIENT SATISFACTION
23 SURVEYS OF THE CARRIER; OR

24 5. RESULTS FROM THE DISTRIBUTION OF RISK POOL FUNDS
25 IN DIRECT POSITIVE PROPORTION TO THE AMOUNT OF SERVICES PROVIDED BY A
26 HEALTH CARE PRACTITIONER TO THE CARRIER'S ENROLLEES OR INSUREDS DURING
27 THE DISTRIBUTION PERIOD.

28 [(b)] (C) A carrier may not reimburse a health care practitioner WITH WHOM
29 THE CARRIER CONTRACTS in an amount less than [the sum or rate negotiated in the
30 carrier's provider contract with the health care practitioner] THAT SPECIFIED IN THE
31 REIMBURSEMENT SCHEDULE WHICH:

32 (1) IS APPLICABLE TO THAT HEALTH CARE PRACTITIONER; AND

33 (2) IS IN EFFECT ON THE DATE THE HEALTH CARE PRACTITIONER
34 PROVIDES SERVICES TO THE ENROLLEES OR INSUREDS OF THE CARRIER.

35 [(c)] This section does not prohibit a carrier from providing bonuses or other
36 incentive-based compensation to a health care practitioner if the bonus or other
37 incentive-based compensation does not:

1 (1) violate 19-705.1 of the Health - General Article; or

2 (2) deter the delivery of medically appropriate care to an enrollee.]

3 (D) A CARRIER MAY NOT ALTER THE GENERAL REIMBURSEMENT SCHEDULE
4 FOR MEDICAL SERVICES PROVIDED BY A HEALTH CARE PRACTITIONER WITH WHOM
5 THE CARRIER CONTRACTS IF THE ALTERATION IS BASED ON:

6 (1) THE OVERALL NUMBER OR COST OF MEDICAL SERVICES UTILIZED
7 BY THE CARRIER'S ENROLLEES OR INSUREDS; OR

8 (2) THE OVERALL NUMBER OR COST OF MEDICAL SERVICES
9 PERFORMED OR RECOMMENDED BY ANY INDIVIDUAL HEALTH CARE PRACTITIONER
10 OR ANY GROUPING OF HEALTH CARE PRACTITIONERS.

11 (E)(1) A CARRIER SHALL PROVIDE A COPY OF:

12 (I) THE REIMBURSEMENT SCHEDULE OF THE CARRIER THAT IS
13 APPROPRIATE TO THE SPECIALTY OR SUBSPECIALTY, OR GEOGRAPHIC REGION, OR
14 BOTH, OF THE HEALTH CARE PRACTITIONER WITH WHOM THE CARRIER CONTRACTS;
15 AND

16 (II) THE FORMULA OR METHODOLOGY THE CARRIER USES IN
17 CALCULATING ANY PERIODIC BONUS OR INCENTIVE INCOME.

18 (2) THE CARRIER SHALL PROVIDE THE INFORMATION SPECIFIED IN
19 PARAGRAPH (1) OF THIS SUBSECTION:

20 (I) WITH ANY NEW CONTRACT THE CARRIER OFFERS TO A HEALTH
21 CARE PRACTITIONER WHO DOES NOT HAVE A CONTRACT WITH THE CARRIER;

22 (II) ONCE ANNUALLY ON THE REQUEST OF A HEALTH CARE
23 PRACTITIONER WHO HAS A CONTRACT WITH THE CARRIER TO PROVIDE SERVICES TO
24 THE CARRIER'S ENROLLEES AND INSUREDS; AND

25 (III) 90 DAYS BEFORE THE CARRIER PROPOSES ANY CHANGES IN ITS
26 REIMBURSEMENT SCHEDULE OR IN ITS BONUS CALCULATION FORMULA OR
27 METHODOLOGY.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 July 1, 1998.