

---

By: **Senators Van Hollen, Teitelbaum, and Dorman**  
Introduced and read first time: February 6, 1998  
Assigned to: Finance

---

A BILL ENTITLED

1 AN ACT concerning

2 **Patient Protection Act**

3 FOR the purpose of altering the manner of determining the amount of reimbursement  
4 of health care practitioners by certain health insurance carriers; providing that  
5 certain health insurance carriers may not reimburse a health care practitioner  
6 in an amount less than that specified in a certain reimbursement schedule;  
7 prohibiting certain health insurance carriers from altering their reimbursement  
8 schedules under certain circumstances; requiring certain health insurance  
9 carriers to provide a copy of certain reimbursement schedules and the  
10 methodology used to determine any bonuses or other incentive-based  
11 compensation under certain circumstances; prohibiting certain health insurance  
12 carriers from providing bonuses or other incentive-based compensation to  
13 health care practitioners under certain circumstances; specifying the  
14 construction of certain provisions of this Act; authorizing the Maryland  
15 Insurance Administration to adopt certain regulations; defining certain terms;  
16 and generally relating to compensation of health care practitioners by health  
17 insurance carriers.

18 BY repealing and reenacting, with amendments,  
19 Article - Insurance  
20 Section 15-113  
21 Annotated Code of Maryland  
22 (1997 Volume)

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

25 **Article - Insurance**

26 15-113.

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

28 (2) "Carrier" means:

- 1 (i) an insurer;
- 2 (ii) a nonprofit health service plan;
- 3 (iii) a health maintenance organization;
- 4 (iv) a dental plan organization; or
- 5 (v) any other person that provides health benefit plans subject to  
6 regulation by the State.

7 (3) "Health care practitioner" means an individual who is licensed,  
8 certified, or otherwise authorized under the Health Occupations Article to provide  
9 health care services.

10 (4) "MEDICAL SERVICES" MEANS ANY COVERED SERVICES THAT AN  
11 ENROLLEE OR INSURED IS ENTITLED TO UNDER A CARRIER'S CONTRACT WITH THE  
12 ENROLLEE OR INSURED.

13 (5) "REIMBURSEMENT SCHEDULE" MEANS THE PAYMENT AMOUNTS,  
14 WHETHER PAID ON A CAPITATED BASIS, FEE FOR SERVICES BASIS, OR OTHER BASIS,  
15 THAT A CARRIER HAS GENERALLY ESTABLISHED FOR PAYMENTS TO HEALTH CARE  
16 PRACTITIONERS, WITHIN A PARTICULAR SPECIALTY OR SUBSPECIALTY OR  
17 GEOGRAPHIC REGION, FOR THE PERFORMANCE OF A SPECIFIC MEDICAL SERVICE OR  
18 GROUP OF MEDICAL SERVICES.

19 (b) A carrier may not reimburse a health care practitioner in an amount less  
20 than [the sum or rate negotiated in the carrier's provider contract with the health  
21 care practitioner] THAT SPECIFIED IN THE REIMBURSEMENT SCHEDULE THAT IS  
22 APPLICABLE TO THE HEALTH CARE PRACTITIONER AND IS IN EFFECT ON THE DATE  
23 THAT MEDICAL SERVICES ARE PROVIDED BY THE HEALTH CARE PRACTITIONER TO  
24 THE CARRIER'S ENROLLEE OR INSURED.

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

- 28 (1) violate § 19-705.1 of the Health - General Article; or
- 29 (2) deter the delivery of medically appropriate care to an enrollee.]

30 (C) (1) A CARRIER MAY NOT ALTER THE REIMBURSEMENT SCHEDULE FOR  
31 MEDICAL SERVICES PROVIDED BY HEALTH CARE PRACTITIONERS BASED ON THE  
32 OVERALL NUMBER OR COST OF MEDICAL SERVICES UTILIZED BY ITS ENROLLEES OR  
33 INSUREDS, OR BASED ON THE OVERALL NUMBER OR COST OF MEDICAL SERVICES  
34 PERFORMED OR RECOMMENDED BY ANY INDIVIDUAL HEALTH CARE PRACTITIONER  
35 OR ANY GROUP OF HEALTH CARE PRACTITIONERS.

36 (2) THIS SUBSECTION DOES NOT PROHIBIT A CARRIER FROM  
37 CONTRACTING WITH A HEALTH CARE PRACTITIONER TO PROVIDE MEDICAL

1 SERVICES BASED ON A REIMBURSEMENT SCHEDULE THAT DIFFERS FROM THE  
2 REIMBURSEMENT SCHEDULE IN GENERAL USE, PROVIDED THAT THE ALTERNATIVE  
3 REIMBURSEMENT SCHEDULE DOES NOT VIOLATE THE PROVISIONS OF PARAGRAPH  
4 (1) OF THIS SUBSECTION OR SUBSECTION (B) OF THIS SECTION.

5 (3) (I) A CARRIER MAY PROVIDE BONUSES OR OTHER  
6 INCENTIVE-BASED COMPENSATION TO A HEALTH CARE PRACTITIONER ONLY IF THE  
7 BONUS OR OTHER INCENTIVE-BASED COMPENSATION DOES NOT:

8 1. VIOLATE § 19-705.1 OF THE HEALTH - GENERAL ARTICLE;  
9 OR

10 2. DETER THE DELIVERY OF MEDICALLY APPROPRIATE  
11 CARE TO AN ENROLLEE OR INSURED.

12 (II) NO BONUS OR OTHER INCENTIVE-BASED COMPENSATION  
13 THAT IS BASED ON THE AMOUNT OF HEALTH CARE SERVICES OR RESOURCES  
14 PROVIDED TO AN ENROLLEE OR INSURED MAY BE PROVIDED TO A HEALTH CARE  
15 PRACTITIONER UNLESS THE BONUS OR OTHER INCENTIVE-BASED COMPENSATION  
16 IS PROVIDED IN DIRECT POSITIVE PROPORTION TO THE AMOUNT OF HEALTH CARE  
17 SERVICES OR RESOURCES PROVIDED TO AN ENROLLEE OR INSURED.

18 (D) (1) A CARRIER SHALL PROVIDE A COPY OF THE CARRIER'S  
19 REIMBURSEMENT SCHEDULE THAT IS APPROPRIATE TO THE HEALTH CARE  
20 PRACTITIONER'S SPECIALTY, SUBSPECIALTY, OR GEOGRAPHIC REGION AND THE  
21 METHODOLOGY USED TO DETERMINE ANY BONUSES OR OTHER INCENTIVE-BASED  
22 COMPENSATION:

23 (I) WITH ANY NEW CONTRACT OFFERING TO HEALTH CARE  
24 PRACTITIONERS WHO DO NOT CURRENTLY HAVE A CONTRACT WITH THE CARRIER;

25 (II) ONCE A YEAR ON REQUEST OF A HEALTH CARE PRACTITIONER  
26 WITH WHOM THE CARRIER HAS A CONTRACT TO PROVIDE SERVICES TO THE  
27 CARRIER'S ENROLLEES OR INSUREDS; AND

28 (III) 90 DAYS BEFORE ANY PROPOSED CHANGE IN THE  
29 REIMBURSEMENT SCHEDULE OR IN THE METHODOLOGY USED TO DETERMINE  
30 BONUSES OR OTHER INCENTIVE-BASED COMPENSATION.

31 (2) THE REIMBURSEMENT SCHEDULE PROVIDED UNDER PARAGRAPH (1)  
32 OF THIS SUBSECTION SHALL INCLUDE THE PROPOSED PAYMENTS FOR ALL  
33 EVALUATION AND MANAGEMENT SERVICES AND ANY SURGICAL PROCEDURES THAT  
34 THE HEALTH CARE PRACTITIONER REASONABLY WOULD BE EXPECTED TO PERFORM  
35 FOR THE CARRIER'S ENROLLEES OR INSUREDS.

36 (E) THE ADMINISTRATION MAY ADOPT REGULATIONS TO CARRY OUT THE  
37 PROVISIONS OF THIS SECTION.

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

