

SENATE BILL 644

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1998 Regular Session  
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By: **Senators Van Hollen, Teitelbaum, and ~~Dorman~~ Dorman, Bromwell,  
Della, Madden, Roesser, and Trotter**

Introduced and read first time: February 6, 1998

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 30, 1998

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CHAPTER \_\_\_\_\_

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 providing for a delayed effective date; and generally relating to compensation of  
17 health care practitioners by health 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:

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**Article - Insurance**

2 15-113.

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

4 (2) "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) "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 (4) "MEDICAL SERVICES" MEANS ANY COVERED SERVICES THAT AN  
15 ENROLLEE OR INSURED IS ENTITLED TO UNDER A CARRIER'S CONTRACT WITH THE  
16 ENROLLEE OR INSURED.17 (5) "REIMBURSEMENT SCHEDULE" MEANS THE PAYMENT AMOUNTS,  
18 WHETHER PAID ON A CAPITATED BASIS, FEE FOR SERVICES BASIS, OR OTHER BASIS,  
19 THAT A CARRIER HAS ~~GENERALLY~~ ESTABLISHED FOR PAYMENTS TO A HEALTH CARE  
20 ~~PRACTITIONERS PRACTITIONER, WITHIN A PARTICULAR SPECIALTY OR~~  
21 ~~SUBSPECIALTY OR GEOGRAPHIC REGION OR A PRACTICE GROUP OF HEALTH CARE~~  
22 PRACTITIONERS, FOR THE PERFORMANCE OF A SPECIFIC MEDICAL SERVICE OR  
23 GROUP OF MEDICAL SERVICES.24 (b) A carrier may not reimburse a health care practitioner in an amount less  
25 than [the sum or rate negotiated in the carrier's provider contract with the health  
26 care practitioner] THAT SPECIFIED IN THE REIMBURSEMENT SCHEDULE THAT IS  
27 APPLICABLE TO THE HEALTH CARE PRACTITIONER AND IS IN EFFECT ON THE DATE  
28 THAT MEDICAL SERVICES ARE PROVIDED BY THE HEALTH CARE PRACTITIONER TO  
29 THE CARRIER'S ENROLLEE OR INSURED.30 [(c) This section does not prohibit a carrier from providing bonuses or other  
31 incentive-based compensation to a health care practitioner if the bonus or other  
32 incentive-based compensation does not:

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

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

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

~~(2) THIS SUBSECTION DOES NOT PROHIBIT A CARRIER FROM CONTRACTING WITH A HEALTH CARE PRACTITIONER TO PROVIDE MEDICAL SERVICES BASED ON A REIMBURSEMENT SCHEDULE THAT DIFFERS FROM THE REIMBURSEMENT SCHEDULE IN GENERAL USE, PROVIDED THAT THE ALTERNATIVE REIMBURSEMENT SCHEDULE DOES NOT VIOLATE THE PROVISIONS OF PARAGRAPH (1) OF THIS SUBSECTION OR SUBSECTION (B) OF THIS SECTION.~~

(C) (1) A CARRIER MAY NOT ADOPT A REIMBURSEMENT SCHEDULE THAT REDUCES THE AMOUNT OF REIMBURSEMENT TO A HEALTH CARE PRACTITIONER OR A PRACTICE GROUP OF HEALTH CARE PRACTITIONERS BASED ON THE OVERALL NUMBER OR COST OF MEDICAL SERVICES PROPOSED OR RECOMMENDED BY THE HEALTH CARE PRACTITIONER OR THE PRACTICE GROUP OF HEALTH CARE PRACTITIONERS.

~~(3) (2) (1) A CARRIER MAY PROVIDE BONUSES OR OTHER INCENTIVE-BASED COMPENSATION TO A HEALTH CARE PRACTITIONER ONLY IF THE BONUS OR OTHER INCENTIVE-BASED COMPENSATION DOES NOT:~~

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

OR

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

(II) NO BONUS OR OTHER INCENTIVE-BASED COMPENSATION THAT IS BASED ON THE AMOUNT OF HEALTH CARE SERVICES OR RESOURCES PROVIDED TO AN ENROLLEE OR INSURED MAY BE PROVIDED TO A HEALTH CARE PRACTITIONER UNLESS THE BONUS OR OTHER INCENTIVE-BASED COMPENSATION IS PROVIDED IN DIRECT POSITIVE PROPORTION TO THE AMOUNT OF HEALTH CARE SERVICES OR RESOURCES PROVIDED TO AN ENROLLEE OR INSURED OR A PRACTICE GROUP OF HEALTH CARE PRACTITIONERS, EXCEPT THAT A BONUS MAY BE BASED, IN WHOLE OR IN PART, ON THE PROVISION OF PREVENTATIVE HEALTH CARE SERVICES.

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

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

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

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

7 (2) THE REIMBURSEMENT SCHEDULE PROVIDED UNDER PARAGRAPH (1)  
8 OF THIS SUBSECTION SHALL INCLUDE THE PROPOSED PAYMENTS FOR ~~ALL~~  
9 ~~EVALUATION AND MANAGEMENT SERVICES AND ANY SURGICAL PROCEDURES~~ THE  
10 MOST COMMON EVALUATION AND MANAGEMENT SERVICES AND SURGICAL  
11 PROCEDURES THAT THE HEALTH CARE PRACTITIONER REASONABLY WOULD BE  
12 EXPECTED TO PERFORM FOR THE CARRIER'S ENROLLEES OR INSUREDS.

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

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 ~~July 1, 1998~~ January 1, 1999.