Unofficial Copy 1999 Regular Session 9lr0136 HB 272/98 - ENV & ECM By: Chairman, Economic Matters Committee (Departmental - Health and Mental Hygiene) Introduced and read first time: January 15, 1999 Assigned to: Economic Matters Committee Report: Favorable with amendments House action: Adopted Read second time: March 3, 1999 CHAPTER____ 1 AN ACT concerning 2 Health Care Access and Cost Commission - Modifications and Clarifications 3 FOR the purpose of repealing the authority of the Health Care Access and Cost Commission to develop a payment system for health care services; authorizing the Commission to promote the availability of certain information; defining a 5 certain term; eliminating a certain prohibition; authorizing the Commission to 6 impose certain requirements on payors; and generally relating to the Health 7 Care Access and Cost Commission. 8 9 BY repealing and reenacting, with amendments, Article - Health - General 10 Section 19-1502 and 19-1509 11 12 Annotated Code of Maryland 13 (1996 Replacement Volume and 1998 Supplement) SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 14 15 MARYLAND, That the Laws of Maryland read as follows: **Article - Health - General** 16 17 19-1502.

There is a Maryland Health Care Access and Cost Commission.

The Commission is an independent commission that functions in the

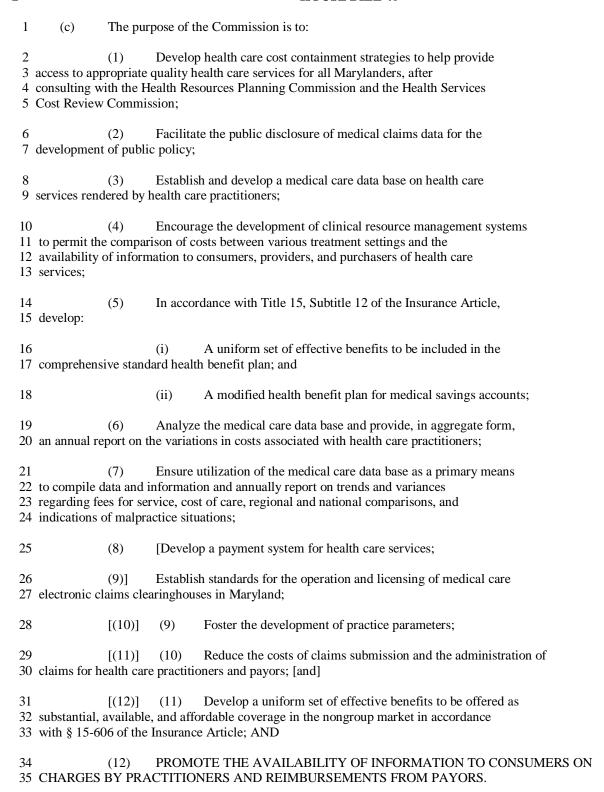
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(a)

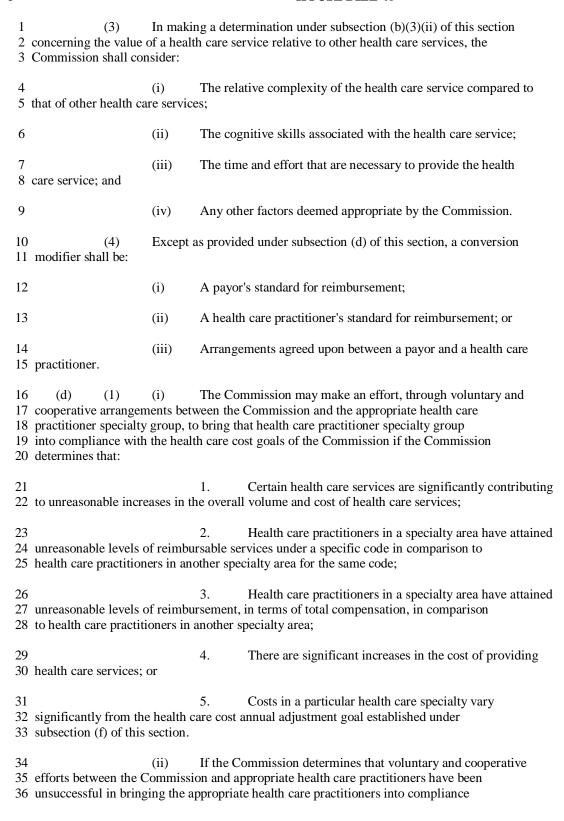
(b)

20 Department.



1	19-1509.
2	(a) (1) In this section the following words have the meanings indicated.
	(2) "Code" means the applicable Current Procedural Terminology (CPT) code as adopted by the American Medical Association or other applicable code under an appropriate uniform coding scheme approved by the Commission.
	(3) "CODING EDITS" MEANS EDITS USED TO DETERMINE THE MOST ACCURATE AND APPROPRIATE CODE OR CODES FOR PAYMENT OF A SERVICE OR GROUP OF SERVICES.
9	(3) (4) "Payor" means:
	(i) A health insurer or nonprofit health service plan that holds a certificate of authority and provides health insurance policies or contracts in the State in accordance with the Insurance Article or the Health - General Article; or
13 14	(ii) A health maintenance organization that holds a certificate of authority.
	(4) "Unbundling" means the use of two or more codes by a health care provider to describe a surgery or service provided to a patient when a single, more comprehensive code exists that accurately describes the entire surgery or service.
18 19	(b) [(1) By January 1, 1999, the Commission shall implement a payment system for all health care practitioners in the State.
20 21	(2) The payment system established under this section shall include a methodology for a uniform system of health care practitioner reimbursement.
22 23	(3) Under the payment system, reimbursement for each health care practitioner shall be comprised of the following numeric factors:
24 25	(i) A numeric factor representing the resources of the health care practitioner necessary to provide health care services;
26 27	(ii) A numeric factor representing the relative value of a health care service, as classified by a code, compared to that of other health care services; and
28 29	(iii) A numeric factor representing a conversion modifier used to adjust reimbursement.
32	(4)] To prevent overpayment of claims for surgery or services, [in developing the payment system under this section,] the Commission, <u>IN</u> <u>COOPERATION WITH THE MARYLAND INSURANCE ADMINISTRATION</u> , to the extent practicable, shall [establish standards to prohibit]:
34 35	(1) PROHIBIT the unbundling of codes and the use of reimbursement maximization programs, commonly known as "upcoding"; AND

2	I)	[)	<u>(1)</u>	USE REBUNDLING CODING EDITS; AND		
		ESCRIP	TIVE TE	MAKE THE <u>GENERAL</u> STANDARDS FOR REBUNDLING ERMS AVAILABLE TO THE PUBLIC <u>HEALTH CARE</u>		
		der the	underlyir	payment system under this section, the ng methodology used in the resource based U.S.C. § 1395w-4.		
11	regulation, appropriate Insurance Fraud Unit of	sanction f the Sta	ns, includ ate, for he	and the licensing boards shall develop, by ling, where appropriate, notification to the ealth care practitioners who violate the on to prohibit unbundling and upcoding.		
13 14	(c) (1) Ir shall take into considera			payment system under this section, the Commission listed in this subsection.		
	(2) In making a determination under subsection (b)(3)(i) of this section concerning the resources of a health care practitioner necessary to deliver health care services, the Commission:					
18 19	`			sure that the compensation for health care services is ng the health care service; and		
20	(i	ii)	Shall cor	nsider:		
21			1.	The cost of professional liability insurance;		
22 23	regulatory requirements		2.	The cost of complying with all federal, State, and local		
24			3.	The reasonable cost of bad debt and charity care;		
		iding red	cognition	The differences in experience or expertise among health of relative preeminence in the practitioner's on and continuing professional education;		
28			5.	The geographic variations in practice costs;		
29 30	necessary by the Comm			The reasonable staff and office expenses deemed health care services;		
31 32	with a teaching hospital		7.	The costs associated with a faculty practice plan affiliated		
33			8.	Any other factors deemed appropriate by the Commission.		



	with the health care cost goals of the Commission, the Commission may adjust the conversion modifier.							
5 6	(2) If the Commission adjusts the conversion modifier under this subsection for a particular specialty group, a health care practitioner in that specialty group may not be reimbursed more than an amount equal to the amount determined according to the factors set forth in subsection (b)(3)(i) and (ii) of this section and the conversion modifier established by the Commission.							
8	(e)] (C)	(1)	On an annual basis, the Commission shall publish:					
9 10	12-month period	(i)	The total reimbursement for all health care services over a					
11 12	12-month period	(ii)	The total reimbursement for each health care specialty over a					
13 14	and	(iii)	The total reimbursement for each code over a 12-month period;					
15 16	5 (iv) The annual rate of change in reimbursement for health services 6 by health care specialties and by code.							
19	In addition to the information required under paragraph (1) of this subsection, the Commission may publish any other information that the Commission deems appropriate, INCLUDING INFORMATION ON CAPITATED HEALTH CARE SERVICES.							
23	[(f) The Commission may establish health care cost annual adjustment goals for the cost of health care services and may establish the total cost of health care services by code to be rendered by a specialty group of health care practitioners designated by the Commission during a 12-month period.							
25 26	5 (g) In developing a health care cost annual adjustment goal under subsection 6 (f) of this section, the Commission shall:							
29	7 (1) Consult with appropriate health care practitioners, payors, the 8 Maryland Hospital Association, the Health Services Cost Review Commission, the 9 Department of Health and Mental Hygiene, and the Department of Business and 0 Economic Development; and							
31	(2)	Take in	to consideration:					
32 33		(i) health care i	The input costs and other underlying factors that contribute to n the State and in the United States;					
34		(ii)	The resources necessary for the delivery of quality health care;					
35 36	technology;	(iii)	The additional costs associated with aging populations and new					

- 1 (iv) The potential impacts of federal laws on health care costs; and
 2 (v) The savings associated with the implementation of modified
 3 practice patterns.
- 4 (h) Nothing in this section shall have the effect of impairing the ability of a 5 health maintenance organization to contract with health care practitioners or any 6 other individual under mutually agreed upon terms and conditions.
- 7 (i) A professional organization or society that performs activities in good faith 8 in furtherance of the purposes of this section is not subject to criminal or civil liability 9 under the Maryland Anti-Trust Act for those activities.]
- 10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take 11 effect July 1, 1999.