

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 762 (Senator Hafer)
Economic and Environmental Affairs

Patient Referrals by Health Care Practitioners - Prohibition - Exemptions

This bill amends current law that relates to referrals by health care practitioners to health care entities when a compensation arrangement exists between the health care practitioner and the health care entity. The bill provides that a payment made for the rental or lease of equipment is not a compensation arrangement if the payment is at fair market value and in accordance with an arm's length transaction. The bill also provides that a payment made for the sale of property or a health care practice is not a compensation arrangement if the payment is at fair market value, in accordance with an arm's length transaction, and in accordance with an agreement that would be commercially reasonable even if no referrals were made. In addition, the bill provides that the prohibition against a health care practitioner's referring a patient to a hospital in which the health care practitioner has a beneficial interest does not apply if the health care practitioner is authorized to perform services at the hospital and the ownership or investment interest is in the hospital itself and not solely in a subdivision of the hospital.

This bill takes effect July 1, 1999.

Fiscal Summary

State Effect: None. The bill would not directly affect governmental finances or operations.

Local Effect: None.

Small Business Effect: Potential minimal. Health care practitioners that are small businesses or self-employed and who have certain pecuniary interests in health care entities may refer patients to these entities for treatment. Health care practitioners may derive direct or indirect financial gains from these referrals. Any gains are expected to be minimal.

Information Source(s): Department of Budget and Management (Employee Benefits Division), Department of Health and Mental Hygiene (Board of Physician Quality Assurance, Licensing and Certification, Medicaid, Maryland Hospital Resource Planning Commission), Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - March 16, 1999

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