
By: **Chairman, Environmental Matters Committee (Departmental - Health and Mental Hygiene)**

Introduced and read first time: January 19, 2000

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Health Care Commission - Modifications and Clarifications**

3 FOR the purpose of repealing the authority of the Maryland Health Care Commission
4 to develop a payment system for health care services; altering certain provisions
5 relating to the publishing of certain information related to reimbursements from
6 payors; authorizing the Commission to promote the availability of certain
7 information on charges by practitioners and reimbursements from payors;
8 authorizing the Commission to impose certain requirements on payors; and
9 generally relating to the Maryland Health Care Commission.

10 BY repealing and reenacting, with amendments,
11 Article - Health - General
12 Section 19-103 and 19-134
13 Annotated Code of Maryland
14 (1996 Replacement Volume and 1999 Supplement)

15 BY repealing
16 Article - Health - General
17 Section 19-136
18 Annotated Code of Maryland
19 (1996 Replacement Volume and 1999 Supplement)

20 BY renumbering
21 Article - Health - General
22 Section 19-137 through 19-139, respectively
23 to be Section 19-136 through 19-138, respectively
24 Annotated Code of Maryland
25 (1996 Replacement Volume and 1999 Supplement)

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

1 **Article - Health - General**

2 19-103.

3 (a) There is a Maryland Health Care Commission.

4 (b) The Commission is an independent commission that functions in the
5 Department.

6 (c) The purpose of the Commission is to:

7 (1) Develop health care cost containment strategies to help provide
8 access to appropriate quality health care services for all Marylanders, after
9 consulting with the Health Services Cost Review Commission;10 (2) Promote the development of a health regulatory system that
11 provides, for all Marylanders, financial and geographic access to quality health care
12 services at a reasonable cost by:13 (i) Advocating policies and systems to promote the efficient
14 delivery of and improved access to health care services; AND15 (ii) Enhancing the strengths of the current health care service
16 delivery and regulatory system;17 (3) Facilitate the public disclosure of medical claims data for the
18 development of public policy;19 (4) Establish and develop a medical care data base on health care
20 services rendered by health care practitioners;21 (5) Encourage the development of clinical resource management systems
22 to permit the comparison of costs between various treatment settings and the
23 availability of information to consumers, providers, and purchasers of health care
24 services;25 (6) In accordance with Title 15, Subtitle 12 of the Insurance Article,
26 develop:27 (i) A uniform set of effective benefits to be included in the
28 Comprehensive Standard Health Benefit Plan; and

29 (ii) A modified health benefit plan for medical savings accounts;

30 (7) Analyze the medical care data base and provide, in aggregate form,
31 an annual report on the variations in costs associated with health care practitioners;32 (8) Ensure utilization of the medical care data base as a primary means
33 to compile data and information and annually report on trends and variances
34 regarding fees for service, cost of care, regional and national comparisons, and
35 indications of malpractice situations;

1 (9) [Develop a payment system for health care services;

2 (10)] Establish standards for the operation and licensing of medical care
3 electronic claims clearinghouses in Maryland;

4 [(11)] (10) Reduce the costs of claims submission and the administration of
5 claims for health care practitioners and payors;

6 [(12)] (11) Develop a uniform set of effective benefits to be offered as
7 substantial, available, and affordable coverage in the nongroup market in accordance
8 with § 15-606 of the Insurance Article; [and]

9 [(13)] (12) Determine the cost of mandated health insurance services in
10 the State in accordance with Title 15, Subtitle 15 of the Insurance Article; AND

11 (13) PROMOTE THE AVAILABILITY OF INFORMATION TO CONSUMERS ON
12 CHARGES BY PRACTITIONERS AND REIMBURSEMENTS FROM PAYORS.

13 (d) The Commission shall coordinate the exercise of its functions with the
14 Department and the Health Services Cost Review Commission to ensure an
15 integrated, effective health care policy for the State.

16 19-134.

17 (A) IN THIS SECTION, "CODE" MEANS THE APPLICABLE CURRENT
18 PROCEDURAL TERMINOLOGY (CPT) CODE AS ADOPTED BY THE AMERICAN MEDICAL
19 ASSOCIATION OR OTHER APPLICABLE CODE UNDER AN APPROPRIATE UNIFORM
20 CODING SCHEME APPROVED BY THE COMMISSION.

21 [(a)] (B) The Commission shall establish a Maryland medical care data base
22 to compile statewide data on health services rendered by health care practitioners
23 and office facilities selected by the Commission.

24 [(b)] (C) In addition to any other information the Commission may require by
25 regulation, the medical care data base shall:

26 (1) Collect for each type of patient encounter with a health care
27 practitioner or office facility designated by the Commission:

28 (i) The demographic characteristics of the patient;

29 (ii) The principal diagnosis;

30 (iii) The procedure performed;

31 (iv) The date and location of where the procedure was performed;

32 (v) The charge for the procedure;

33 (vi) If the bill for the procedure was submitted on an assigned or
34 nonassigned basis;

1 (vii) If applicable, a health care practitioner's universal
2 identification number; and

3 (viii) If the health care practitioner rendering the service is a
4 certified registered nurse anesthetist or certified nurse midwife, identification
5 modifiers for the certified registered nurse anesthetist or certified nurse midwife;

6 (2) Collect appropriate information relating to prescription drugs for
7 each type of patient encounter with a pharmacist designated by the Commission; and

8 (3) Collect appropriate information relating to health care costs,
9 utilization, or resources from payors and governmental agencies.

10 [(c)] (D) (1) The Commission shall adopt regulations governing the access
11 and retrieval of all medical claims data and other information collected and stored in
12 the medical care data base and any claims clearinghouse licensed by the Commission
13 and may set reasonable fees covering the costs of accessing and retrieving the stored
14 data.

15 (2) These regulations shall ensure that confidential or privileged patient
16 information is kept confidential.

17 (3) Records or information protected by the privilege between a health
18 care practitioner and a patient, or otherwise required by law to be held confidential,
19 shall be filed in a manner that does not disclose the identity of the person protected.

20 [(d)] (E) (1) To the extent practicable, when collecting the data required
21 under subsection [(b)] (C) of this section, the Commission shall utilize any
22 standardized claim form or electronic transfer system being used by health care
23 practitioners, office facilities, and payors.

24 (2) The Commission shall develop appropriate methods for collecting the
25 data required under subsection [(b)] (C) of this section on subscribers or enrollees of
26 health maintenance organizations.

27 [(e)] (F) Until the provisions of § 19-135 of this subtitle are fully
28 implemented, where appropriate, the Commission may limit the data collection under
29 this section.

30 [(f)] (G) (1) By October 1, 1995 and each year thereafter, the Commission
31 shall publish an annual report on those health care services selected by the
32 Commission that:

33 [(1)] (I) Describes the variation in fees charged by health care
34 practitioners and office facilities on a statewide basis and in each health service area
35 for those health care services; and

36 [(2)] (II) Describes the geographic variation in the utilization of those
37 health care services.

1 (2) (I) ON AN ANNUAL BASIS, THE COMMISSION SHALL PUBLISH:

2 1. THE TOTAL REIMBURSEMENT FOR ALL HEALTH CARE
3 SERVICES OVER A 12-MONTH PERIOD;

4 2. THE TOTAL REIMBURSEMENT FOR EACH HEALTH CARE
5 SPECIALITY OVER A 12-MONTH PERIOD;

6 3. THE TOTAL REIMBURSEMENT FOR EACH CODE OVER A
7 12-MONTH PERIOD; AND

8 4. THE ANNUAL RATE OF CHANGE IN REIMBURSEMENT FOR
9 HEALTH SERVICES BY HEALTH CARE SPECIALTIES AND BY CODE.

10 (II) IN ADDITION TO THE INFORMATION REQUIRED UNDER ITEM (I)
11 OF THIS PARAGRAPH, THE COMMISSION MAY PUBLISH ANY OTHER INFORMATION
12 THAT THE COMMISSION DEEMS APPROPRIATE, INCLUDING INFORMATION ON
13 CAPITATED HEALTH CARE SERVICES.

14 [(g)] (H) In developing the medical care data base, the Commission shall
15 consult with representatives of the Health Services Cost Review Commission, health
16 care practitioners, payors, and hospitals to ensure that the medical care data base is
17 compatible with, may be merged with, and does not duplicate information collected by
18 the Health Services Cost Review Commission.

19 (i) The Commission, in consultation with the Insurance Commissioner,
20 payors, health care practitioners, and hospitals, may adopt by regulation standards
21 for the electronic submission of data and submission and transfer of the uniform
22 claims forms established under § 15-1003 of the Insurance Article.

23 [19-136.

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

25 (2) "Code" means the applicable Current Procedural Terminology (CPT)
26 code as adopted by the American Medical Association or other applicable code under
27 an appropriate uniform coding scheme approved by the Commission.

28 (3) "Payor" means:

29 (i) A health insurer or nonprofit health service plan that holds a
30 certificate of authority and provides health insurance policies or contracts in the
31 State in accordance with the Insurance Article or the Health - General Article; or

32 (ii) A health maintenance organization that holds a certificate of
33 authority.

34 (4) Unbundling means the use of two or more codes by a health care
35 provider to describe a surgery or service provided to a patient when a single, more
36 comprehensive code exists that accurately describes the entire surgery or service.

1 (b) (1) By January 1, 1999, the Commission shall implement a payment
2 system for all health care practitioners in the State.

3 (2) The payment system established under this section shall include a
4 methodology for a uniform system of health care practitioner reimbursement.

5 (3) Under the payment system, reimbursement for each health care
6 practitioner shall be comprised of the following numeric factors:

7 (i) A numeric factor representing the resources of the health care
8 practitioner necessary to provide health care services;

9 (ii) A numeric factor representing the relative value of a health care
10 service, as classified by a code, compared to that of other health care services; and

11 (iii) A numeric factor representing a conversion modifier used to
12 adjust reimbursement.

13 (4) To prevent overpayment of claims for surgery or services, in
14 developing the payment system under this section, the Commission, to the extent
15 practicable, shall establish standards to prohibit the unbundling of codes and the use
16 of reimbursement maximization programs, commonly known as "upcoding".

17 (5) In developing the payment system under this section, the
18 Commission shall consider the underlying methodology used in the resource based
19 relative value scale established under 42 U.S.C. § 1395w-4.

20 (6) The Commission and the licensing boards shall develop, by
21 regulation, appropriate sanctions, including, where appropriate, notification to the
22 Insurance Fraud Unit of the State, for health care practitioners who violate the
23 standards established by the Commission to prohibit unbundling and upcoding.

24 (c) (1) In establishing a payment system under this section, the Commission
25 shall take into consideration the factors listed in this subsection.

26 (2) In making a determination under subsection (b)(3)(i) of this section
27 concerning the resources of a health care practitioner necessary to deliver health care
28 services, the Commission:

29 (i) Shall ensure that the compensation for health care services is
30 reasonably related to the cost of providing the health care service; and

31 (ii) Shall consider:

32 1. The cost of professional liability insurance;

33 2. The cost of complying with all federal, State, and local
34 regulatory requirements;

35 3. The reasonable cost of bad debt and charity care;

1 (1) Consult with appropriate health care practitioners, payors, the
2 Association of Maryland Hospitals and Health Systems, the Health Services Cost
3 Review Commission, the Department of Health and Mental Hygiene, and the
4 Department of Business and Economic Development; and

5 (2) Take into consideration:

6 (i) The input costs and other underlying factors that contribute to
7 the rising cost of health care in the State and in the United States;

8 (ii) The resources necessary for the delivery of quality health care;

9 (iii) The additional costs associated with aging populations and new
10 technology;

11 (iv) The potential impacts of federal laws on health care costs; and

12 (v) The savings associated with the implementation of modified
13 practice patterns.

14 (h) Nothing in this section shall have the effect of impairing the ability of a
15 health maintenance organization to contract with health care practitioners or any
16 other individual under mutually agreed upon terms and conditions.

17 (i) A professional organization or society that performs activities in good faith
18 in furtherance of the purposes of this section is not subject to criminal or civil liability
19 under the Maryland Anti-Trust Act for those activities.]

20 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 19-137
21 through 19-139, respectively, of Article - Health - General of the Annotated Code of
22 Maryland be renumbered to be Section(s) 19-136 through 19-138, respectively.

23 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 2000.