

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 111 (Senator Hafer. *et al.*)

Economic and Environmental Affairs

Patient Referrals by Health Care Practitioners - Prohibition - Exemptions

This bill amends current law that relates to a health care practitioner's referring patients to a health care entity where the practitioner has a beneficial interest in or a compensation arrangement with the health care entity. The bill provides that a payment made for an equipment rental or lease 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 a property or health care practice sale 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 practitioner has a beneficial interest does not apply if the 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.

The bill takes effect July 1, 2000.

Fiscal Summary

State Effect: The bill would not directly affect governmental finances.

Local Effect: None.

Small Business Effect: Potential minimal. Health care practitioners that are small businesses 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.

Analysis

Current Law: A health care practitioner is prohibited from referring a patient to a health care entity in which the practitioner has a beneficial interest or with which the health care practitioner has a compensation arrangement.

Additional Information

Prior Introductions: This bill was introduced in the 1999 session as SB 762. It passed the Senate but received an unfavorable report from the House Environmental Matters Committee.

Cross File: HB 214 (Delegate Guns, *et al.*) - Environmental Matters.

Information Source(s): Maryland Insurance Administration, Department of Health and Mental Hygiene (Board of Physician Quality Assurance), Department of Legislative Services

Fiscal Note History: First Reader - January 28, 2000
nncsjr

Analysis by: Susan D. John

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510