

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 1040 (Delegates Busch and Hurson)
Economic Matters and Environmental Matters

Health Insurance - Medical Directors - Regulation

This bill subjects an HMO medical director to the disciplinary authority of the Board of Physician Quality Assurance (BPQA) if the medical director has applied utilization management procedures or policies in a manner that clearly violates appropriate and well-established standards of quality medical care.

Fiscal Summary

State Effect: Any additional complaints against medical directors could be handled with existing Maryland Insurance Administration and BPQA budgeted resources. No effect on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill authorizes the Insurance Commissioner to suspend, revoke, or refuse to renew an HMO medical director's certificate if the Commissioner finds the director has applied utilization management procedures or policies in a manner that clearly violates appropriate and well-established standards of quality medical care. In addition, the Commissioner must notify the BPQA of any action it takes against an HMO medical director. If the BPQA performs a preliminary investigation and determines that further investigation is warranted, the BPQA must refer the allegation to an independent review organization (IRO). The BPQA may reprimand, place on probation, suspend, or

revoke an HMO medical director's license if the Insurance Commissioner has determined that the HMO medical director failed to meet appropriate standards of quality medical care.

Current Law: The Insurance Commissioner certifies HMO medical directors. A medical director is a licensed physician employed by or under contract with an HMO who is responsible for the HMO's policies and procedures for quality assurance and utilization management. The Commissioner can suspend, revoke, or refuse to renew a medical director's certificate if the Commissioner finds a pattern that the utilization management procedures and policies are not objective, clinically valid, compatible with established principles of health care, or flexible enough to allow deviations from the norms when justified on a case-by-case basis.

State Fiscal Effect: There are currently 15 HMOs certified to operate in Maryland and 82 certified medical directors. In calendar 2000, approximately 1,500 complaints were filed through the MIA's appeals and grievance procedure. Of these, 511 complaints were heard and resolved by the Health Advocacy Unit and MIA. No complaints were filed against medical directors. It is therefore assumed that the number of complaints filed against medical directors could be handled with existing MIA resources.

Any additional investigations of HMO medical directors handled by the BPQA are assumed to be minimal and could be handled with existing BPQA resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration, Department of Legislative Services

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ncs/jr

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