Department of Legislative Services

Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

Senate Bill 728 (Senator Astle)
Finance Economic Matters

Health Maintenance Organizations - Reimbursement of Noncontracting Providers for Services Rendered to Trauma Patients at Designated Trauma Centers

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This bill requires an HMO to pay a claim submitted by a trauma physician for trauma care rendered at a trauma center (as designated by the Maryland Institute of Emergency Medical Services System) at the greater of: (1) 140% of the rate paid by the Medicare Program; or (2) the rate as of January 1, 2001 that the HMO paid in the same geographic area for the same covered service to a similarly licensed provider.

An HMO may require a trauma physician not under contract with the HMO to submit appropriate adjunct claims information with a claim for payment.

The bill takes effect October 1, 2001 and sunsets June 30, 2002.

Fiscal Summary

State Effect: State Employee Health Benefits Plan expenditures could increase in FY 2002 only. No effect on revenues.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase if carriers increase their premiums as a result of this bill.

Small Business Effect: Minimal. Expenditures for small business employee health benefits could increase if carriers increase their premiums as a result of this bill.

Analysis

Current Law: An HMO must pay a claim for a covered service rendered to an enrollee by a non-contracting health care provider at the greater of: (1) 125% of the rate the HMO pays in the same geographic region, for the same covered service, to a similarly licensed provider under written contract with the HMO; or (2) the rate as of January 1, 2000 that the HMO paid in the same geographic region, for the same covered service, to a similarly licensed provider not under written contract with the HMO.

Background: Chapter 275 of 2000 requires HMOs to pay noncontracting providers at certain rates. In addition, it requires the Health Services Cost Review Commission (HSCRC) to develop a methodology for ensuring reasonable payment to health care providers not under written contract with an HMO. The HSCRC will report its recommendations to the General Assembly by January 1, 2002.

State Fiscal Effect:

State Employee Health Benefits Plan: The bill's provisions may discourage some trauma centers from contracting with HMOs at certain rates, because the HMO reimbursement rate paid to a non-contracting provider would be higher. To the extent that an HMO's ability to obtain provider discounts is reduced, carrier costs could increase and be passed on to the State plan as higher premiums in fiscal 2002 only. State plan expenditures assume a fund mix of 60% general funds, 20% federal funds, and 20% special funds; and 20% of expenditures are reimbursable through employee contributions.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration, Department of Budget and Management (Employee Benefits Division), CareFirst BlueCross BlueShield of Maryland, Maryland Institute of Emergency Medical Services System, Department of Health and Mental Hygiene (Health Services Cost Review Commission, Board of Physician Quality Assurance), Department of Legislative Services

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