HB 936

Department of Legislative Services

Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 936 (Delegate Love)
Economic Matters

Health Maintenance Organizations - Reimbursement of Noncontracting Providers - Emergency Services

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This bill requires an HMO to reimburse a noncontracting hospital emergency facility provider for emergency services provided to an HMO enrollee 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.

The bill's provisions apply to all services rendered on or after July 1, 2002.

The bill takes effect July 1, 2002 contingent upon the repeal or extension of the June 30, 2002 sunset provision for Chapter 275 of 2000.

Fiscal Summary

State Effect: State Employee Health Benefits Plan expenditures could increase in FY 2003 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 noncontracting trauma physician for trauma care 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. The HMO must pay a claim for a covered service rendered to an enrollee by any other noncontracting health care provider at the greater of: (1) 125% of the rate the HMO pays in the same geographic area, 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 area, for the same covered service, to a similarly licensed provider not under written contract with the HMO. These provisions terminate June 30, 2002.

Background: Chapter 275 of 2000 changed HMO reimbursement rates for noncontracting providers from the usual and customary rate (UCR) to current reimbursement rates based on Medicare rates and rates paid to similar providers. Chapter 423 of 2001 provided an exception to the reimbursement methodology adopted in Chapter 275 of 2000 requiring HMOs to reimburse trauma care providers at a higher rate.

A related bill, SB 466 of 2002, seeks to repeal the termination dates of Chapter 275 of 2000 and Chapter 423 of 2001.

State Fiscal Effect: State Employee Health Benefits Plan expenditures could increase in fiscal 2003. The bill's provisions may discourage some emergency room physicians 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 2003 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: SB 562 (Senator Astle) – Finance.

Information Source(s): Department of Health and Mental Hygiene (Maryland Health Care Commission, Health Services Cost Review Commission), Department of Legislative Services

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