

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 645  
Finance

(Senator Astle)

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**Health Maintenance Organizations - Reimbursement of Health Care Providers - Covered Services**

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This bill repeals the provision that prohibits a noncontracting health care provider from balance billing an HMO enrollee for services not paid by the HMO. It also repeals the specified reimbursement rates HMOs must pay to noncontracting providers.

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**Fiscal Summary**

**State Effect:** Any additional consumer complaints received by the Maryland Insurance Administration (MIA) could be handled with existing MIA budgeted resources.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Current Law:** An HMO must reimburse a health care provider for services rendered to an enrollee as long as the service is covered by the HMO. A covered service is any health care service included in the HMO's benefit package and rendered to an enrollee by a health care provider under contract with the HMO or a noncontracting provider when the service is obtained in accordance with the terms of the benefit contract, obtained pursuant a verbal or written referral, or preauthorized or otherwise approved by the HMO. An HMO enrollee is not liable to any health care provider for any covered services provided to the enrollee. A health care provider may not collect or attempt to collect from any enrollee any money owed to the provider by an HMO.

A health care provider may collect or attempt to collect any copayment or coinsurance amounts owed by an HMO enrollee or any payment or charges for services not covered by the HMO.

An HMO must pay to a noncontracting trauma physician the greater of: (1) 140% of the Medicare rate; or (2) the rate the HMO paid, as of January 1, 2001, in the same geographic area, for the same covered service, to a similarly licensed provider. An HMO must pay any other noncontracting provider the greater of: (1) 125% of the rate the HMO currently pays; or (2) the rate the HMO paid, as of January 1, 2000, in the same geographic area, for the same covered service, to a similarly licensed provider.

The Maryland Insurance Commissioner may impose a penalty not to exceed \$5,000 on any HMO that violates these payment provisions if they are committed with such frequency as to indicate a general business practice.

**Small Business Effect:**

*Balance Billing:* A small business health care provider that does not contract with a particular HMO but who renders services to its enrollees could bill enrollees for services not paid by the HMO.

*Repeal of Specified Reimbursement Rates:* A small business noncontracting health care provider that is entitled to reimbursement from an HMO for providing a covered service to an HMO enrollee could be reimbursed at a significantly lower rate.

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1033 (Delegate Donoghue) – Health and Government Operations.

**Information Source(s):** Maryland Insurance Administration, Department of Budget and Management (Employee Benefits Division), Department of Health and Mental Hygiene (Maryland Health Care Commission), Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2004  
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