

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 437

(Senator Kelley, *et al.*)

Finance

Health and Government Operations

Health Insurance - Required Reimbursement - Podiatrists

This bill provides that if a health insurer, nonprofit health service plan, or HMO (carrier) reimburses for a service that is within the lawful scope of practice of a licensed podiatrist, the carrier must reimburse for this service at the same rate regardless of whether the service is performed by a physician or a licensed podiatrist.

The bill's requirements apply to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after October 1, 2004.

Fiscal Summary

State Effect: No effect on the State Employee and Retiree Health and Welfare Benefits Plan or Medicaid. Potential minimal general fund revenue increase from the State's 2% insurance premium tax on for-profit carriers, beginning FY 2005. Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2005 only.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase if carriers raise their premiums as a result of the bill's requirements. Revenues would not be affected.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: The reimbursement provisions for podiatrists do not prohibit the determination of reimbursement based on the geographic location of the delivery of service, the preeminent qualifications of a physician or podiatrist, or the need to provide services in an underserved area of the State.

Current Law: If a health insurance policy provides for reimbursement for a service that is within the lawful scope of the practice of a licensed podiatrist, the insured is entitled to reimbursement for the service regardless of whether the service is performed by a physician or licensed podiatrist. Reimbursement is not required at the same rate, however. This provision only applies to health insurers.

Background: In 2003, the Maryland Health Care Commission (MHCC) studied payor differentials between physicians and other licensed health care providers. The study concluded that non-physician health care providers were reimbursed at approximately 80% - 90% of the reimbursement rate for physicians for the same services. In 2002, carriers reimbursed podiatrists at 91% of the rate that carriers reimbursed physicians for the same services.

State Effect: State Employee and Retiree Health and Welfare Benefits Plan (State plan) expenditures would not be affected. The State plan's two largest carriers (that cover almost 90% of all State enrollees) calculate reimbursements to providers by current procedural terminology procedure code and not by the type of provider. The bill's requirements would not change the carriers' existing reimbursement methodology and therefore have no impact on the State plan.

The bill's provisions do not apply to Medicaid managed care organizations and have no effect on the Medicaid program.

Small Business Effect: In 2002, approximately 53,000 small businesses provided health insurance coverage to 448,000 covered lives in the small group market. Each policy carried an average 1.835 covered lives.

Expenditures for small business employee health benefits could increase if carriers increase their premiums as a result of the bill. Any increase is expected to be negligible. Licensed podiatrists could experience an increase in revenues since they would be entitled to the same amount of payment for a particular service as a physician.

Additional Information

Prior Introductions: Similar bills, SB 150 and HB 238, were introduced in the 2003 session. The House Health and Government Operations Committee did not report on HB 238. The Senate Finance Committee reported unfavorably on SB 150. Similar bills, HB 807 and SB 274, were also introduced in the 2002 session. HB 807 was reported unfavorably by the House Economic Matters Committee. SB 274 passed the Senate. No action was taken on SB 274 by the House Economic Matters Committee.

Cross File: HB 411 (Delegate Donoghue, *et al.*) – Health and Government Operations.

Information Source(s): *Study of the Reimbursement of Health Care Providers, as Required by HB 805 of 2002* (January 16, 2004), Maryland Health Care Commission; Department of Health and Mental Hygiene (Board of Physicians, Maryland Health Care Commission); Maryland Insurance Administration; Department of Budget and Management (Employee Benefits Division); Department of Legislative Services

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