

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 294 (Delegate Donoghue)

Health and Government Operations

Finance

Reimbursement of Health Care Providers - Sunset Repeal

This bill repeals the June 30, 2005 termination date of Chapter 275 of 2000 and Chapter 423 of 2001, which specify certain HMO reimbursement rates for noncontracting providers who provide services to HMO enrollees.

The bill takes effect June 1, 2005.

Fiscal Summary

State Effect: None. The bill pertains exclusively to private sector activities.

Local Effect: None.

Small Business Effect: None.

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 (Chapter 423 of 2001).

An 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, 2005 (Chapter 275 of 2000).

Background: Chapter 275 of 2000 changed HMO reimbursement rates for noncontracting providers from the usual and customary rate to the current reimbursement rates, which are based on Medicare rates and similar rates paid by an HMO 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. Originally, these provisions had a June 30, 2002 termination date, which was extended by Chapter 250 of 2002 to its current June 30, 2005 termination date.

Additional Information

Prior Introductions: Chapter 250 of 2002 (HB 805) extended the termination date from June 2002 to June 2005.

Cross File: SB 300 (Senator Astle) – Finance.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - February 3, 2005
ncs/jr

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