

**Department of Legislative Services**  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 157 (Delegates Busch and Edwards)  
Economic Matters

Finance

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**Maryland Health Care Provider Rate Stabilization Fund - Medical Assistance  
Program Account - Health Care Provider Rates**

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This emergency bill includes obstetric services performed by family practitioners among the specified procedures for which money must be used from the Medical Assistance Program Account to increase fee-for-service rates and to pay managed care organization (MCO) health care providers.

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**Fiscal Summary**

**State Effect:** The bill primarily alters the purposes for which existing funds may be used. To the extent it requires administrative changes, the Department of Health and Mental Hygiene could handle them with existing resources.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** Chapter 1 of 2005 established the Maryland Health Care Provider Rate Stabilization Fund, with two accounts, the Rate Stabilization Account and the Medical Assistance Program Account. The Maryland Insurance Commissioner is required to administer the fund.

The Commissioner must distribute money from the Medical Assistance Program Account to the Secretary of Health and Mental Hygiene. In fiscal 2005, the money must be used

to increase capitation rates paid to MCOs. Beginning in fiscal 2006, \$15 million must be used to increase fee-for-service rates and to pay MCO health care providers consistent with the rates for procedures commonly performed by obstetricians, neurosurgeons, orthopedic surgeons, and emergency medicine physicians. Portions of the account that exceed these amounts may only be used to: (1) increase capitation rates; (2) increase fee-for-service rates; (3) pay MCO providers consistent with these rates; and (4) after fiscal 2009, maintain capitation payments, maintain provider rates, and support the operations of the Medical Assistance Program.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - January 25, 2005  
ncs/ljm Revised - House Third Reader - April 9, 2005

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