

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 427 (Delegate Hurson)
Health and Government Operations

Maryland Commission on Specialty Health Group Rates and Terms

This bill establishes the Maryland Commission on Specialty Health Group Rates and Terms as an independent commission within the Department of Health and Mental Hygiene (DHMH) to review rates and terms set by specialty health groups. A “specialty health group” is a group of health care practitioners certified or trained to practice in a specified field. It must review each proposal for rates and terms set by a specialty health group and submitted to the commission. It must designate two health care practitioners from the specialty health group’s specified field as consultants in the commission’s review. If the commission approves a proposal for rates and terms, the approval is a State action and the rates and terms are exempt from State antitrust law.

Fiscal Summary

State Effect: DHMH general fund expenditures could increase by a significant amount, beginning in FY 2006. Revenues would not be affected.

Local Effect: None.

Small Business Effect: Meaningful. To the extent some 13,800 specialists have rates set by the new commission, small business specialty care providers could experience significant increases or reductions in revenues.

Analysis

Current Law: There is no State entity that sets rates and terms for specialty care providers. The Health Services Cost Review Commission (HSCRC) sets rates for hospitals, including: (1) inpatient hospital services; (2) emergency services; (3)

outpatient services provided at the hospital; and (4) identified physician services for which a facility has HSCRC-approved rates on June 30, 1985.

Generally, Maryland's antitrust law prohibits a person from conspiring with another to unreasonably restrain trade or commerce; monopolizing any part of trade or commerce for the purpose of excluding competition or of controlling, fixing, or maintaining prices in trade or commerce; or other acts that substantially lessen competition.

Background: There are 23,000 licensed physicians in the State, of which as many as 60% or 13,800 are specialists.

State Fiscal Effect: DHMH general fund expenditures could increase by a potentially significant amount beginning in fiscal 2006. The bill is unclear as to what type of rate setting is required, and therefore the magnitude of administrative work the commission must perform is unknown. If the commission is to be similar to HSCRC, which sets rates for hospitals, then expenditures could be significant. HSCRC's proposed fiscal 2006 budget is \$2.85 million and includes 28 staff. In addition, the commission must designate two health care practitioners from the specialty health group's specified field as consultants for the review of proposed rates and terms. Consultant fees could be significant depending on the number of consultants used and hours billed.

Revenues would not be affected. While HSCRC is special-funded by assessments levied on the hospitals for which it sets rates, the bill does not provide for any funding mechanism for this commission.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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