

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1124 (Chair, Health and Government Operations Committee)
(By Request – Departmental – Insurance Administration, Maryland)

Health and Government Operations

Urgent Care Centers - Membership Programs - Regulation and Registration

This departmental bill authorizes a registered “urgent care center” to sell membership programs to individuals.

Fiscal Summary

State Effect: To the extent urgent care centers register with the Maryland Insurance Administration (MIA) to provide memberships to individuals, special fund revenues and expenditures could each increase by a potentially significant amount beginning in FY 2007.

Local Effect: None.

Small Business Effect: MIA has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: An urgent care center is a medical group practice open seven days a week, open more than 10 hours a day, does not require a patient to have an appointment, and offers basic medical services. A membership program means a program that permits a member to access specified medical services as described in the membership agreement. Such a program is not insurance.

An urgent care center must register with the Insurance Commissioner, pay an application fee, and file evidence of a required bond that provides protection to the members against

the loss of unearned membership fees. The bond may not be less than \$2,500 and need not be more than \$500,000. The Insurance Commissioner may waive the bond requirement if the Commissioner finds that other arrangements, including providing letters of credit or similar instruments, would be adequate to protect the interests of the members. A registration expires on the second June 30 after its effective date, unless it is renewed.

An urgent care center that sells a membership program may not: (1) enter into a membership agreement with a small employer on behalf of the employees; or (2) accept payment for membership programs from a small employer. An urgent care center may not receive reimbursement from a third party payor. An urgent care center that sells a membership program may not use the term “insurance” in its advertising, except when comparing the membership program to insurance or otherwise distinguishing the membership program from insurance.

The bill specifies disclosures that an urgent care center must provide each member with written evidence of membership at the time of enrollment. An urgent care center membership program may only charge: (1) an initial enrollment fee; (2) a periodic membership fee; (3) a dishonored check fee or not more than \$25; and (4) service fees for medical services provided by the health care center. A membership agreement must allow a member to cancel enrollment at any time. If a member cancels enrollment, the urgent care center that sold the membership must refund all unearned membership fees. The bill specifies how early termination and reimbursement must be handled.

The Insurance Commissioner may deny a registration, or refuse to renew, suspend, or revoke the registration under specified circumstances that include fraud or conviction of a felony. The bill specifies enforcement authority and actions that may be taken by the Insurance Commissioner, the right to a hearing, and civil money penalties of \$10,000 for each violation of the bill, as well as \$1,000 for each day a person is in violation of the bill’s fraud provisions.

MIA must begin accepting applications for registrations from urgent care centers on January 1, 2007.

Current Law: Urgent care centers are not permitted to sell membership programs.

Urgent care centers are regulated by the Board of Physicians and other health occupations boards depending on the staff composition; medical laboratory services are regulated by the Office of Health Care Quality.

Background: Urgent care centers generally provide care for a variety of nonemergency illnesses and injuries. The centers can provide supplemental care for those times when a

person's physician's office is closed or unable to provide an immediate appointment. Often, these types of care centers are open seven days a week, at least 10 hours a day, providing primary and urgent care services which help reduce over-utilization of hospital emergency rooms for non-emergent ailments. Patients typically do not need an appointment at an urgent care center and are seen as quickly as possible on a walk-in basis. Onsite services may include treatment for minor illnesses and injury, laboratory tests and x-rays, physical exams, hearing and vision screening, and alcohol and drug testing. Urgent care center membership programs are one way to provide health care services to individuals who cannot afford traditional insurance.

In 2005, the Insurance Commissioner was approached by a Maryland urgent care center that was interested in selling a membership program in the State. Based on a review of current law, MIA determined that such a program would not be permissible. The bill provides a regulatory scheme that permits MIA to monitor urgent care center membership programs.

State Fiscal Effect: MIA special fund revenues and expenditures could each increase by a potentially significant amount beginning in fiscal 2007. The bill sets up a new regulatory process within MIA to register and oversee urgent care center membership programs. There are insufficient data to reliably estimate how many urgent care centers are in Maryland, and of these, how many would sell membership programs. It is assumed that MIA would set registration and renewal fees in an amount to offset additional expenditures associated with providing registrations, verifying bond amounts, handling complaints, and hearings.

The civil penalty provisions of this bill are not expected to significantly affect State revenues.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 7, 2006
mam/jr

Analysis by: Susan D. John

Direct Inquiries to:
(410) 946-5510
(301) 970-5510