

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 896 (Delegate Donoghue)
Health and Government Operations

Health Maintenance Organizations - Payment of Noncontracting Health Care
Providers

This bill changes HMO reimbursement rates to noncontracting health care providers.

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2007 only. The review of rate filings could be handled with existing MIA resources.

Local Effect: None.

Small Business Effect: Potential meaningful. Noncontracting providers could receive higher reimbursement rates from HMOs.

Analysis

Bill Summary: An HMO must pay a noncontracting health care provider (other than a trauma physician) the lesser of: (1) the billed charges of the health care provider; or (2) 125% of the highest contract rate the HMO paid as of January 1 of the calendar year in which the health care service was delivered, for the same covered service in the same geographic area, to a similarly licensed provider under written contract with the HMO.

By January 31 of each year, an HMO must file with MIA: (1) the highest contract rates for each geographic area of the State, as published by the federal Centers for Medicare and Medicaid Services, effective as of January 1 of that year; and (2) an affidavit, signed by an officer of the HMO under penalty of perjury, stating that the officer reviewed the

rate information and, to the best of the officer's knowledge, information, and belief, the information is true. At the time of the rate filing, the HMO must notify the Insurance Commissioner of any rate information that the HMO considers proprietary.

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.

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.

Additional Information

Prior Introductions: None.

Cross File: SB 839 (Senator Astle) – Rules.

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

Fiscal Note History: First Reader - February 27, 2006
nas/jr

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