

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 448
Finance

(Senator Kelley, *et al.*)

Health Insurance - Assignment of Benefits

This bill specifies that a health insurer, nonprofit health service plan, HMO, or dental plan organization (carrier) may not prohibit the assignment of benefits to a health care provider by an enrollee or refuse to directly reimburse a health care provider under a valid assignment of benefits. "Assignment of benefits" means the transfer of health care coverage reimbursement benefits or other rights under a health benefit plan by the enrollee to a health care provider.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: Potential meaningful. Small business health care providers could receive more assignments of benefits, potentially drawing in more patients, and streamlining their billing and collections processes.

Analysis

Current Law: None applicable.

Background: Generally, a carrier will contract with a physician or other health care provider to deliver health care services to the carrier's enrollees. Often, these contracts

include negotiated reimbursement amounts that are far lower than what a provider would normally charge. When a health care provider rejects these low-paying contracts, the provider is considered a nonparticipating provider with that particular carrier. Some nonparticipating providers accept the assignment of a patient's benefits to make it easier for the patient to obtain services (less out-of-pocket costs and paperwork). Some carriers may ignore the assignment of benefits and pay the benefits directly to the patient anyway, increasing the health care provider's risk of nonpayment or late payment.

Additional Information

Prior Introductions: None.

Cross File: HB 1169 (Delegates Barve and Donoghue) – Health and Government Operations.

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

Fiscal Note History: First Reader - February 20, 2006
ncs/jr

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