

Department of Legislative Services  
Maryland General Assembly  
2007 Session

FISCAL AND POLICY NOTE

House Bill 485 (Delegate Donoghue)  
Health and Government Operations

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Direct Billing of Anatomic Pathology Services

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This bill establishes billing requirements for anatomic pathology services provided in Maryland or in another state for a patient in Maryland. A healthcare practitioner who does not comply with the new requirements is subject to disciplinary action by the appropriate regulatory boards.

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Fiscal Summary

**State Effect:** Any decrease in State investigations and disciplinary actions as a result of the bill would not directly affect governmental finances.

**Local Effect:** None.

**Small Business Effect:** Meaningful for any clinical laboratory, health care provider, or group practice billing for these services.

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Analysis

**Bill Summary:** A clinical laboratory (a facility that provides anatomic pathology services), a health care provider, or a group practice located in Maryland or in another state that provides anatomic pathology services for a patient in Maryland must present, or cause to be presented, a claim, bill, or demand for the payment of services to: • the patient directly; • a responsible insurer or other third-party payor; • a hospital, public health clinic, or nonprofit health clinic ordering the services; • a referring laboratory; or • on a patient's behalf, a governmental agency or its public or private agent, agency, or organization. An individual or entity may not be required to reimburse a health care practitioner that submits a charge or claim that violates this requirement.

A referring laboratory may bill for anatomic pathology services if a specialist is required to perform the services for a specimen. Otherwise, however, a health care practitioner may not directly or indirectly charge, bill, or otherwise solicit payment for these services unless they are performed by or under the direct supervision of the practitioner. They must also comply with the provisions for preparing biological products by service in the federal Public Health Services Act.

A health care practitioner may not directly or indirectly receive a fee, profit, or revenue for these services if the practitioner collects a specimen and orders the services and does not perform or provide direct supervision of the services. This prohibition does not apply to a group practice that is owned or operated by a hospital, public health clinic, or a nonprofit health care entity; a referring laboratory; or a group practice that bills for the services of a pathologist who has board certification or eligibility in a pathology subspecialty recognized by the American Board of Medical Specialists and the medical specialty of the group practice. It also does not apply to a physician or group practice exclusively comprising physicians certified by or eligible for certification by the American Board of Pathology or the American Board of Osteopathic Pathology. Nor does it apply to a multi-specialty group operated by a health maintenance organization (HMO) that only provides services to the subscribers or beneficiaries of the plan.

**Current Law:** Except as otherwise provided, a health care practitioner may not refer a patient, or direct an employee under contract with the practitioner to refer a patient to a health care entity: • in which the practitioner or the practitioner and the practitioner’s immediate family owns a beneficial interest; • in which the practitioner’s immediate family owns a beneficial interest of 3% or more; or • with which the practitioner, the practitioner’s immediate family, or the practitioner and the practitioner’s immediate family together has a compensation agreement. “Beneficial interest” is defined as ownership, through equity, debt, or other means, of any financial interest, with specified exemptions.

A health care entity or a referring practitioner may not present or cause to be presented to any individual, third-party payor, or other person a claim, bill, or other demand for payment for health care services provided as a result of a prohibited referral.

There are specified exemptions to these requirements including a practitioner when treating an HMO member if the practitioner does not have a beneficial interest in the health care entity and a practitioner who refers a patient to another practitioner in the same group practice as the referring practitioner.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 490 (Senator Britt) – Education, Health, and Environmental Affairs.

**Information Source(s):** Department of Health and Mental Hygiene, Department of Legislative Services

**Fiscal Note History:** First Reader - February 19, 2007  
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