

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 749

(Senator Pipkin)

Finance

Health and Government Operations

Health Insurance - Provider Contracts - Conditions of Participation with Carriers

This bill alters provider contract provisions that require health care providers to participate on one or more provider panels.

Fiscal Summary

State Effect: Potential minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2008. Any additional carrier contract filings with MIA could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill repeals provisions prohibiting a carrier that offers coverage through a health benefit plan from requiring a provider, as a condition of participation or continuation on a provider panel for one of the carrier's health benefit plans, to also serve on a provider panel for another of the carrier's health benefit plans. The bill also repeals the exception that allows a carrier that offers health services as a Medicaid MCO to require a provider, as a condition of participation on a provider panel for one or more of the carrier's health benefit plans, to serve on an MCO provider panel as well.

The bill provides instead that a provider contract may not contain a provision that requires a provider, as a condition of participation with a carrier, to participate with a

different carrier. The prohibition does not apply to: (1) a carrier that offers health care services as an MCO, which may require that a provider participate in multiple provider panels; or (2) a provider contract that does not have lower rates of reimbursement than the carrier and reimburses the provider on the same basis as the carrier, either fee-for-service or capitated.

A “provider contract” is a contract between the provider and a carrier, a carrier affiliate, or an entity that contracts with a provider to serve a carrier. A carrier is responsible for a violation of any provision of the bill, regardless of whether the carrier has subcontracted with an affiliate or entity that contracts with a provider.

Current Law: A carrier that offers coverage for health care services through one or more health benefit plans, or contracts with providers to offer health care services through one or more provider panels, may not require a provider, as a condition of participation, to also serve on a provider panel of another of the carrier’s health benefit plans. An exception is made for a carrier that also serves as a Medicaid MCO. This type of carrier may require a provider, as a condition of participation on a provider panel, to serve on an MCO provider panel.

Background: Carriers began requiring certain health care providers, as a condition of participating on one panel, to participate on others, which may have caused administrative or financial burdens for certain providers. As a result, Chapters 253 and 254 of 2000 prohibited carriers from requiring provider panel participation. However, some carrier affiliates or entities that arrange provider panels have been requiring provider participation on more than one provider panel.

Additional Information

Prior Introductions: A similar bill, HB 1565 of 2006, was withdrawn.

Cross File: HB 1054 (Delegate Kach) – Health and Government Operations.

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

Fiscal Note History: First Reader - February 28, 2007
ncs/jr Revised - Senate Third Reader - April 9, 2007

Analysis by: Jennifer B. Chasse

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