HB 1161

Department of Legislative Services

Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 1161 (Delegate Bromwell, *et al.*)
Health and Government Operations

Health Insurance - Carrier Provider Panels - Standards for Availability of Health Care Providers

This bill requires insurers, nonprofit health service plans, and dental plan organizations (carriers) that use a provider panel to annually submit to the Maryland Insurance Commissioner for approval the carrier's standards for availability of providers. Carriers must submit specified data to allow the Commissioner to determine whether the carrier's standards are adequate and assess carrier performance in meeting the standards.

Fiscal Summary

State Effect: Special fund expenditures for the Maryland Insurance Administration could increase by $247,400 in FY 2009 to review carrier network adequacy filings. Future year expenditures reflect annualization and inflation. No effect on revenues.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	$0	$0	$0	$0	$0
SF Expenditure	247,400	256,100	268,400	281,400	295,200
Net Effect	($247,400)	($256,100)	($268,400)	($281,400)	($295,200)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal to none.

Analysis

Bill Summary: The Commissioner must request information on • appointment wait times; • provider-enrollee ratios by specialty; • primary care provider-enrollee ratios; • geographic accessibility; • hours of operation; and • the percentage of enrollees who were provided services both inside and outside a hospital by out-of-network providers. The Commissioner may request any other information as required. The bill does not apply to HMOs.

Current Law: Non-HMO carriers must maintain standards in accordance with MIA regulations for availability of health care providers to meet the needs of enrollees. HMOs, as well as insurers and nonprofit health service plans that offer preferred provider insurance policies, must adhere to standards for accessibility of covered services in accordance with regulations adopted by the Department of Health and Mental Hygiene under the Health-General Article.

Background: In February 2007, MIA proposed but did not adopt regulations (COMAR 31.10.34) to require carriers to maintain a provider panel that is sufficient in numbers and types of available providers to meet the needs of enrollees. Standards may be established by reference to any reasonable criteria used by the carrier, including but not limited to • provider-enrollee ratios by specialty; • primary care provider-enrollee ratios; • geographic accessibility; • waiting times for appointments; • hours of operation; and • the volume of technological and specialty services available to serve the needs of enrollees. In February 2008, MIA reproposed these regulations with changes, including requiring carriers to implement and make accessible to the Commissioner an availability plan describing the quantifiable and measurable standards for the number and geographic distribution of specific types of providers. MIA is planning additional changes to the regulations, which will result in emergency regulations and new proposed regulations.

Chapter 597 of 2006 required MIA to study the feasibility and desirability of imposing a network standard for in-network hospital-based physician services on carriers and report its findings and recommendations to specified legislative committees. MIA issued a report in December 2007 that concluded that it is not feasible at this time to impose access and availability standards for hospital-based physicians and that imposing such standards may have the unintended consequence of raising health care costs and diminishing competition in the health insurance market.

State Expenditures: MIA special fund expenditures could increase by an estimated $247,352 in fiscal 2009, which accounts for the bill's October 1, 2008 effective date. This estimate reflects the cost of four regular positions (one supervisor, two analysts, and one office secretary) to review and approve carrier network adequacy filings and a

one-time only expenditure of $50,000 to purchase software to verify the acceptability of carrier networks. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	4
Salaries and Fringe Benefits	$179,637
One-time Only Software Purchase	50,000
Other Operating Expenses	17,715
Total FY 2009 State Expenditures	**$247,352**

Future year expenditures reflect • full salaries with 4.4% annual increases and 3% employee turnover; • 2% annual increases in ongoing operating expenses; and • an estimated $10,000 in annual software maintenance fees beginning in fiscal 2010.

Additional Information

Prior Introductions: None.

Cross File: SB 719 (Senator Klausmeier) – Finance.

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

Fiscal Note History: First Reader - February 19, 2008
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Analysis by: Jennifer B. Chasse

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