SB 811

Department of Legislative Services

Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 811 (Senator Pipkin)

Finance Health and Government Operations

Health Insurance - Health Care Provider Panels - Provider Contracts

This bill • alters provisions of law governing the participation of health care providers on provider panels; • requires each "provider contract" to disclose specified information; and • prohibits carriers from requiring providers to accept specified schedules of applicable fees as a condition of participation except under specified circumstances.

The bill takes effect June 1, 2010 and applies to all provider contracts issued or delivered in the State on or after that date, or for provider contracts in effect on that date but not subject to renewal in 2010, no later than December 31, 2010.

Fiscal Summary

State Effect: Potential minimal increase in special fund expenditures for the Maryland Insurance Administration in FY 2010 and 2011 to review revised HMO and dental plan organization contracts for compliance with the bill. No effect on revenues.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: A "provider contract" is a contract between a provider and a carrier, a carrier affiliate, or an entity that contracts with a provider to serve a carrier under which the provider agrees to provide health care services to enrollees.

The bill repeals and recodifies the requirement that, if a provider elects to terminate participation on a health benefit provider panel, the provider must provide 90 days notice and continue to serve enrollees until that notice period expires.

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; and • the exception that allows a carrier that offers health services as a Medicaid managed care organization 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 specifies instead that a provider contract may not contain a provision that requires a provider, as a condition of participating in a non-HMO provider panel, to participate in an HMO provider panel or dental provider panel. Provider contracts may require a provider to participate in an MCO.

Provider contracts, with the exception of provider contracts for a dental provider panel, have to disclose the carriers comprising each provider panel.

If a provider contract includes more than one schedule of applicable fees, the contract may not require a provider, as a condition of participation, to accept each schedule. If a provider rejects a schedule, the provider contract may not require the provider to treat enrollees in accordance with any schedule rejected by the provider. These provisions do not apply to a provider contract for a dental provider panel.

A provider contract may include a provision that requires a provider, as a condition of participation, to accept each schedule of applicable fees for a carrier that is not affiliated through common ownership with the entity arranging the provider panel.

Current Law: A carrier that offers coverage for or contracts with providers to offer health care services through one or more health benefit plans, 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.

A carrier must provide a health care practitioner with a written schedule of applicable fees for up to the 20 most common services billed by a health care practitioner in that specialty. This information must be provided at the time of contract execution, 30 days prior to a change, and upon request of the health care practitioner.

Chapter 505 of 2007 established the Task Force on Health Care Access and Reimbursement. The task force is required to examine the practice by certain carriers of requiring providers who join a provider network of a carrier to also serve on a provider network of a different carrier and the effect of this practice. The task force's interim report must contain a recommendation on whether carriers should be prohibited from requiring providers who join the carrier's network to also serve in another carrier's network.

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.

The Task Force on Health Care Access and Reimbursement issued its interim report on January 28, 2008. The report notes that, while the task force debated prohibiting carriers from requiring participation with another carrier as a condition in a provider contract, it did not vote on whether carriers should be prohibited from imposing participation in another carrier's network as a condition under a provider contract. After hearing all perspectives, the task force determined that the issue required further study.

Additional Information

Prior Introductions: This bill is similar to SB 749/HB 1054 of 2007. SB 749 passed both chambers but was not enacted. No action was taken on HB 1054.

Cross File: HB 1219 (Delegate Kach, *et al.*) – 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 19, 2008
mam/ljm Revised - Senate Third Reader - April 1, 2008

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