

Department of Legislative Services

Maryland General Assembly

2008 Session

FISCAL AND POLICY NOTE

Revised

Senate Bill 602

(Senator Pinsky)

Education, Health, and Environmental Affairs

Health and Government Operations

Direct Billing of Anatomic Pathology Services

This bill establishes billing requirements for “anatomic pathology services” provided in Maryland or in another state for a patient in Maryland.

Fiscal Summary

State Effect: To the extent consumer complaints increase, special fund expenditures for the Maryland Insurance Administration could increase in FY 2009. No effect on revenues.

Local Effect: None.

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

Analysis

Bill Summary: Anatomic pathology services are histopathology or surgical pathology (examination of organ tissues), cytopathology (microscopic examination of cells, including pap smears), hematology (microscopic examination of bone marrow samples and blood smears), subcellular pathology and molecular pathology, or blood-banking services performed by pathologists.

A clinical laboratory (a facility that provides anatomic pathology services), a physician, or a group practice must present a claim, bill, or demand for payment for services to • the patient directly, subject to specified limitations; • a responsible insurer or third-party

payor; • the facility that ordered the services; • a referring laboratory; or • a governmental agency or its agent, agency, or organization on behalf of the patient. 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 or histologic processing if the referring laboratory must send a specimen to another lab for processing or consultation. Otherwise, however, a health care practitioner may not bill for anatomic pathology services unless the services are performed by or under the direct supervision of the practitioner. The health care practitioner must also comply with the provisions for preparing biological products by service in the federal Public Health Service Act.

The bill may not be construed to mandate the assignment of benefits for anatomic pathology services or prohibit a health care practitioner in a group practice from reassigning the right to bill for anatomic pathology services to the group practice.

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.

State Expenditures: To the extent consumer complaints increase under the bill, MIA special fund expenditures could increase in fiscal 2009 and thereafter. The amount of any increase cannot be reliably estimated but is expected to be minimal.

Additional Information

Prior Introductions: This bill is similar to SB 490/HB 485 of 2007. No action was taken on either bill by the Senate Education, Health, and Environmental Affairs or House Health and Government Operations committees.

Cross File: HB 1089 (Delegate 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 - March 3, 2008
mll/ljm Revised - Senate Third Reader - March 25, 2008

Analysis by: Jennifer B. Chasse

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