

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 595

(Senator Astle, *et al.*)

Finance

Health and Government Operations

Health Insurance - Carrier Credentialing - Reimbursement of Providers of
Health Care Services

This bill requires a carrier to reimburse a group practice on the carrier's provider panel at the participating provider rate for covered services provided by a nonparticipating provider under specified circumstances.

Fiscal Summary

State Effect: Potential minimal increase in expenditures for the State Employee and Retiree Health and Welfare Benefit Plan (State plan) beginning in FY 2009. To the extent that provider complaints increase under the bill, Maryland Insurance Administration special fund expenditures could increase beginning in FY 2009. Any increase is expected to be minimal. No effect on revenues.

Local Effect: To the extent that carriers incur additional costs, expenditures for local jurisdiction employee health benefits could increase. Any increase is expected to be minimal. No effect on revenues.

Small Business Effect: Minimal. Small business physicians who experience delayed credentialing with carriers would receive higher reimbursements for services provided.

Analysis

Bill Summary: Reimbursement must be provided if the nonparticipating provider • is employed by or a member of the group practice; • has applied for acceptance on the carrier's provider panel and has an active credentialing application; • has a valid license

to practice in the State; and • is currently credentialed by an accredited hospital in the State or has professional liability insurance.

An HMO may not deny payment to a provider solely because the provider was not a participating provider at the time the services were provided to an enrollee.

A nonparticipating provider eligible for reimbursement under the bill may not hold an enrollee of the carrier liable for the cost of any covered services provided during a specified time period except for any deductible, copayment, or coinsurance amount owed under the terms of the enrollee's contract or certificate.

A group practice must disclose in writing to an enrollee at the time services are provided that • the treating provider is not a participating provider and has applied to become a participating provider; • the carrier has not completed its assessment of the qualifications of the provider; and • any covered services received must be reimbursed at the participating provider rate.

Current Law: A carrier that uses a provider panel has to provide a credentialing application and information about participation on the carrier's provider panel to any requesting provider. A provider that seeks to participate on a carrier's provider panel has to submit a credentialing application, and a carrier has to accept or reject the provider for participation on the panel.

Within 30 days of receipt of a completed credentialing application, a carrier has to send a provider written notice of either the carrier's intent to process the provider's application or the carrier's rejection of the provider's application. Within 120 days after this initial notice is provided, a carrier has to send the provider written notice of the acceptance or rejection of the credentialing application. Failure to provide this second notice can result in • suspension or revocation of a carrier's certificate of authority; • a penalty of between \$100 and \$125,000 per violation; • a requirement to make restitution to a provider that has suffered financial injury; and/or • an order to cease and desist writing insurance.

In addition to meeting these required timelines, carriers have to accept a uniform credentialing form as the sole application for a health care provider to become credentialed or recredentialed for a provider panel. Carriers that use specified credentialing intermediaries are exempt from the requirement to use the uniform credentialing form and from certain time frames for credentialing decisions.

State Fiscal Effect: State plan expenditures could increase by a minimal amount beginning in fiscal 2009. Physicians generally receive a higher reimbursement rate as a participating provider on a carrier's provider panel. To the extent State plan carriers

reimburse physicians retroactively, State plan expenditures could increase. Revenues would not be affected.

State plan expenditures assume a fund mix of 60% general funds, 20% federal funds, and 20% special funds; also, 20% of expenditures are reimbursable through employee contributions.

Additional Information

Prior Introductions: HB 1446 of 2004 would have required carriers to retroactively reimburse providers accepted on the carrier's provider panel for any health care services provided during the 60 days following submission of a credentialing application. The House Health and Government Operations Committee took no action on the bill.

Cross File: HB 594 (Delegate Donoghue) – 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

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