

SENATE BILL 774

J1, C4

9lr1842
CF 9lr1844

By: **Senator Edwards**

Introduced and read first time: February 6, 2009

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Medical Malpractice Liability Insurance – Garrett County Memorial Hospital**
3 **– Subsidy for Practitioners Who Perform Obstetrical Services – Extension**

4 FOR the purpose of requiring that, after a certain fiscal year, disbursements be made
5 from the Medical Assistance Program Account of the Maryland Health Care
6 Provider Rate Stabilization Fund to provide a certain subsidy for medical
7 professional liability insurance policies issued to family practitioners who have
8 staff privileges at Garrett County Memorial Hospital and who also provide
9 obstetrical services at the hospital; altering the order of preference for
10 distribution from the Fund; requiring that, after a certain fiscal year,
11 disbursements from the Medical Assistance Program Account be used by the
12 Secretary of Health and Mental Hygiene to pay certain subsidies; requiring the
13 Secretary to establish a certain procedure by regulation; and generally relating
14 to a subsidy for medical professional liability insurance policies issued to family
15 practitioners in Garrett County who also provide obstetrical services in Garrett
16 County.

17 BY repealing and reenacting, without amendments,
18 Article – Insurance
19 Section 19–802(a)
20 Annotated Code of Maryland
21 (2006 Replacement Volume and 2008 Supplement)

22 BY repealing and reenacting, with amendments,
23 Article – Insurance
24 Section 19–802(g), 19–804(a), and 19–807(c)
25 Annotated Code of Maryland
26 (2006 Replacement Volume and 2008 Supplement)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
28 MARYLAND, That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Insurance**

2 19–802.

3 (a) There is a Maryland Health Care Provider Rate Stabilization Fund.

4 (g) The Fund comprises:

5 (1) the Rate Stabilization Account from which disbursements shall be
6 made to pay for health care provider rate subsidies; and

7 (2) the Medical Assistance Program Account from which
8 disbursements shall be made to:

9 (i) provide an increase in fee-for-service health care provider
10 rates paid by the Maryland Medical Assistance Program;

11 (ii) provide an increase for managed care organization health
12 care providers consistent with fee-for-service health care provider rate increases;

13 (iii) provide an increase in capitation payments to managed care
14 organizations participating in the Maryland Medical Assistance Program consistent
15 with § 15–103(b)(18) of the Health – General Article; and

16 (iv) after fiscal year 2009:

17 1. maintain rates for health care providers and
18 generally to support the operations of the Maryland Medical Assistance Program[.];
19 **AND**

20 **2. PROVIDE A SUBSIDY FOR A MEDICAL**
21 **PROFESSIONAL LIABILITY INSURANCE POLICY ISSUED TO A POLICYHOLDER**
22 **WHO IS A FAMILY PRACTITIONER WITH STAFF PRIVILEGES AT GARRETT**
23 **COUNTY MEMORIAL HOSPITAL AND WHO ALSO PROVIDES OBSTETRICAL**
24 **SERVICES AT GARRETT COUNTY MEMORIAL HOSPITAL IN AN AMOUNT EQUAL**
25 **TO 75% OF THE DIFFERENCE BETWEEN THE POLICYHOLDER’S PREMIUM FOR**
26 **CALENDAR YEAR 2010 AND FOR EACH SUBSEQUENT CALENDAR YEAR AND THE**
27 **PREMIUM THAT OTHERWISE WOULD BE PAYABLE IN THOSE CALENDAR YEARS IF**
28 **THE POLICYHOLDER WAS NOT PROVIDING OBSTETRICAL SERVICES.**

29 19–804.

30 (a) The order of preference for distribution from the Fund shall be as follows:

1 (1) disbursements from the Rate Stabilization Account to subsidize
2 health care provider rates under § 19–805 of this subtitle;

3 (2) disbursements from the Medical Assistance Program Account
4 sufficient to:

5 (I) PAY FOR THE SUBSIDIES REQUIRED UNDER §
6 19–802(G)(2)(IV)2 OF THIS SUBTITLE;

7 [(i)] (II) pay for increased rates to health care providers
8 identified under § 19–807(c)(2) of this subtitle; and

9 [(ii)] (III) pay managed care organization health care providers
10 identified under § 19–807(c)(2) of this subtitle consistent with the fee–for–service
11 health care provider rate increases;

12 (3) disbursements to maintain the increase in health care provider
13 reimbursements under § 19–807(c)(2) of this subtitle;

14 (4) disbursements to increase capitation payments to managed care
15 organizations participating in the Maryland Medical Assistance Program consistent
16 with § 15–103(b)(18) of the Health – General Article; and

17 (5) disbursements from the Medical Assistance Program Account to:

18 (i) increase fee–for–service health care provider rates under §
19 19–807 of this subtitle; and

20 (ii) pay managed care organization health care providers
21 consistent with fee–for–service health care provider rates under § 19–807(c)(3) of this
22 subtitle.

23 19–807.

24 (c) (1) In fiscal year 2005, disbursements from the Medical Assistance
25 Program Account shall be used by the Secretary to increase capitation rates paid to
26 managed care organizations.

27 (2) Beginning in fiscal year 2006 and annually thereafter, to maintain
28 the rate increases provided under this paragraph, disbursements from the Medical
29 Assistance Program Account of \$15,000,000 shall be used by the Secretary to increase
30 fee–for–service health care provider rates and to pay managed care organization
31 health care providers consistent with fee–for–service health care provider rates for
32 procedures commonly performed by:

33 (i) obstetricians;

- 1 (ii) neurosurgeons;
- 2 (iii) orthopedic surgeons; and
- 3 (iv) emergency medicine physicians.

4 (3) Portions of the Medical Assistance Program Account that exceed
5 the amount provided under paragraph (2) of this subsection shall be used by the
6 Secretary only to:

- 7 (i) increase capitation payments to managed care organizations
8 consistent with § 15-103(b)(18) of the Health – General Article;
- 9 (ii) increase fee-for-service health care provider rates;
- 10 (iii) pay managed care organization health care providers
11 consistent with the fee-for-service health provider rates; and
- 12 (iv) after fiscal year 2008:
- 13 1. maintain increased capitation payments to managed
14 care organizations;
- 15 2. maintain increased rates for health care providers;
- 16 3. in accordance with § 6-121(b)(3) of this article,
17 support the provision of office-based specialty care, diagnostic testing, and laboratory
18 tests for individuals with family income that does not exceed 200% of the federal
19 poverty level; and
- 20 4. support generally the operations of the Maryland
21 Medical Assistance Program.

22 (4) (I) **NOTWITHSTANDING ANY OTHER PROVISION OF THIS**
23 **SUBTITLE, AFTER FISCAL YEAR 2009, DISBURSEMENTS FROM THE MEDICAL**
24 **ASSISTANCE PROGRAM ACCOUNT SHALL BE USED BY THE SECRETARY TO PAY**
25 **THE SUBSIDIES REQUIRED UNDER § 19-802(G)(2)(IV)2 OF THIS SUBTITLE.**

26 (II) **THE SECRETARY BY REGULATION SHALL ESTABLISH A**
27 **PROCEDURE A MEDICAL PROFESSIONAL LIABILITY INSURER MAY USE TO APPLY**
28 **FOR REIMBURSEMENT FROM THE MEDICAL ASSISTANCE PROGRAM**
29 **ACCOUNT ON BEHALF OF HEALTH CARE PROVIDERS ENTITLED TO A SUBSIDY**
30 **UNDER § 19-802(G)(2)(IV)2 OF THIS SUBTITLE.**

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 July 1, 2009.