

SENATE BILL 774

J1, C4

9lr1842
CF HB 815

By: **Senator Edwards**

Introduced and read first time: February 6, 2009

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 18, 2009

CHAPTER _____

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; providing for the
14 termination of this Act; and generally relating to a subsidy for medical
15 professional liability insurance policies issued to family practitioners in Garrett
16 County who also provide obstetrical services in Garrett 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)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland
2 (2006 Replacement Volume and 2008 Supplement)

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

5 **Article – Insurance**

6 19–802.

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

8 (g) The Fund comprises:

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

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

13 (i) provide an increase in fee–for–service health care provider
14 rates paid by the Maryland Medical Assistance Program;

15 (ii) provide an increase for managed care organization health
16 care providers consistent with fee–for–service health care provider rate increases;

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

20 (iv) after fiscal year 2009:

21 1. maintain rates for health care providers and generally
22 to support the operations of the Maryland Medical Assistance Program[.]; AND

23 2. PROVIDE A SUBSIDY FOR A MEDICAL
24 PROFESSIONAL LIABILITY INSURANCE POLICY ISSUED TO A POLICYHOLDER
25 WHO IS A FAMILY PRACTITIONER WITH STAFF PRIVILEGES AT GARRETT
26 COUNTY MEMORIAL HOSPITAL AND WHO ALSO PROVIDES OBSTETRICAL
27 SERVICES AT GARRETT COUNTY MEMORIAL HOSPITAL IN AN AMOUNT EQUAL
28 TO ~~75%~~ 70% OF THE DIFFERENCE BETWEEN THE POLICYHOLDER’S PREMIUM
29 FOR CALENDAR ~~YEAR YEARS~~ 2010 AND FOR EACH SUBSEQUENT CALENDAR
30 YEAR, 2011, AND 2012 AND THE PREMIUM THAT OTHERWISE WOULD BE
31 PAYABLE IN THOSE CALENDAR YEARS IF THE POLICYHOLDER WAS NOT
32 PROVIDING OBSTETRICAL SERVICES.

1 19-804.

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

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

5 (2) disbursements from the Medical Assistance Program Account
6 sufficient to:

7 (I) PAY FOR THE SUBSIDIES REQUIRED UNDER §
8 19-802(G)(2)(IV)2 OF THIS SUBTITLE;

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

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

14 (3) disbursements to maintain the increase in health care provider
15 reimbursements under § 19-807(c)(2) of this subtitle;

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

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

20 (i) increase fee-for-service health care provider rates under §
21 19-807 of this subtitle; and

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

25 19-807.

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

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

1 health care providers consistent with fee-for-service health care provider rates for
2 procedures commonly performed by:

- 3 (i) obstetricians;
- 4 (ii) neurosurgeons;
- 5 (iii) orthopedic surgeons; and
- 6 (iv) emergency medicine physicians.

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

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

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

29 **(II) THE SECRETARY BY REGULATION SHALL ESTABLISH A**
30 **PROCEDURE A MEDICAL PROFESSIONAL LIABILITY INSURER MAY USE TO APPLY**
31 **FOR REIMBURSEMENT FROM THE MEDICAL ASSISTANCE PROGRAM**

1 **ACCOUNT ON BEHALF OF HEALTH CARE PROVIDERS ENTITLED TO A SUBSIDY**
2 **UNDER § 19-802(G)(2)(IV)2 OF THIS SUBTITLE.**

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 2009. It shall remain effective for a period of 4 years and, at the end of June 30,
5 2013, with no further action required by the General Assembly, this Act shall be
6 abrogated and of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.