

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 141 (Chair, Health and Government Operations Committee)(By Request -  
Departmental - Insurance Administration, Maryland)

Health and Government Operations

Finance

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Insurance - Insurer Provider Panels - Health Care Providers

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This departmental bill prohibits an insurer from using an insurer provider panel if the provider contract for the insurer provider panel requires a provider to participate on the insurer provider panel as a condition of participating on a health maintenance organization (HMO) or non-HMO provider panel. An entity arranging an insurer provider panel must provide a health care provider with a schedule of applicable fees for up to the 50 most common services billed by a provider in that specialty at the time of contract, 30 days prior to a change, or upon request.

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Fiscal Summary

**State Effect:** Enforcement of the bill’s provisions by the Maryland Insurance Administration (MIA) can be handled with existing budgeted resources. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** MIA has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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Analysis

**Current Law:** A health insurer, nonprofit health service plan, HMO, dental plan organization, or other entity that provides health benefit plans (carrier) or an entity that arranges a provider panel for a carrier may not (1) assign, transfer, or subcontract a

provider's contract to an insurer that offers personal injury protection (PIP) coverage without first informing the provider and obtaining their written consent; or (2) terminate, limit, or impair the contract or employment of a health care provider on the basis that the provider refused to agree to subcontract all or part of their contract to an insurer that offers PIP coverage.

A carrier may not require a health care provider, as a condition of participation or continuation on a provider panel, to also serve on a provider panel for workers' compensation services. A carrier may not terminate, limit, or impair the contract or employment of a health care provider because the provider opts out of the provider panel for workers' compensation services. Any contract with a health care provider has to include a disclosure regarding the right to opt out of the provider panel for workers' compensation services.

Carriers must provide a health care practitioner with a schedule of applicable fees for up to the 50 most common services billed by a health care practitioner in that specialty at the time of contract, 30 days prior to a change, or upon request.

**Background:** This bill closes a loophole in Maryland law regarding a health care provider's ability to opt out of providing services under PIP or workers' compensation services, as well as to obtain all relevant fee schedules applicable to their specialty from all insurers. MIA has found that non-regulated entities have arranged preferred provider organizations (PPOs) for health insurers and property and casualty insurers. Because the PPO is not arranged by the health insurer or a subsidiary, it is not regulated like a health insurer and health care providers have been required to participate in the PPO for both health insurers and property and casualty insurers. The contracting entity provides the fee schedule applicable to health insurers, but not for the property and casualty insurers. The provider may be willing to accept lower than customary fees to gain access to HMO or PPO patients, but unwilling to accept such fees for PIP or workers' compensation insurance.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 10, 2009  
mlm/mwc Revised - House Third Reader - March 25, 2009

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## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Insurance – Contracts Between Insurers and Health Care Providers - Prohibitions

BILL NUMBER: HB 141

PREPARED BY: Maryland Insurance Administration

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.