

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 852

(Senator Garagiola)

Finance

Rules and Executive Nominations

Health Insurance - Assignment of Benefits - Notice and Report

This bill requires a carrier to provide specified notice to its insureds, subscribers, or enrollees about the carrier's policy regarding the honoring of an assignment of benefits. The bill also requires the Joint Committee on Health Care Delivery and Financing to study issues associated with prohibiting carriers from refusing to accept a patient's assignment of benefits and to report its findings by December 1, 2009.

The bill's provisions take effect and apply to policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after January 1, 2010, with the exception of the study requirement, which takes effect June 1, 2009.

Fiscal Summary

State Effect: Minimal special fund revenue increase in FY 2010 for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee. MIA can handle the review of revised contracts with existing resources.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: "Assignment of benefits" means the transfer of health care coverage reimbursement benefits or other rights under a health benefit plan by an insured, subscriber, or enrollee to a health care provider. "Carrier" means insurers that provide benefits on an expense-incurred basis, nonprofit health service plans, health maintenance

organizations, dental plan organizations, third-party administrators, or any other person providing health benefit plans on an expense-incurred basis.

A carrier has to provide information about the responsibility of the insured, subscriber, or enrollee regarding payment to nonparticipating providers if the carrier does not honor an assignment of benefits. Information must be provided in writing at initial enrollment and renewal.

In conducting its study, the joint committee must consult with the Maryland Insurance Administration, the Office of the Attorney General, health care providers, provider practice management companies, and health insurance carriers.

Current Law: None applicable.

Background: Generally, a carrier will contract with a physician or other health care provider to deliver health care services to the carrier's enrollees. Often, these contracts include negotiated reimbursement amounts that are far lower than what a provider would normally charge. When a health care provider rejects these low-paying contracts, the provider is considered a nonparticipating provider with that particular carrier. Some nonparticipating providers will still accept patients from the carrier, allowing the patient to assign his or her benefits to the provider. Some carriers, however, may ignore the assignment of benefits and pay the benefits directly to the patient, increasing the chance that the health care provider gets paid late or not at all.

Additional Information

Prior Introductions: As introduced, this bill was identical to SB 448/HB 1169 of 2006. The bills were heard by the Senate Finance and House Health and Government Operations committees, respectively, but no further action was taken on either bill.

Cross File: None.

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

Fiscal Note History: First Reader - March 3, 2009
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Analysis by: Jennifer B. Chasse

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

