

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE

House Bill 734 (Delegate Tarrant, *et al.*)  
Health and Government Operations

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**Health Insurance - Participation by Hospitals on Provider Panels - Prohibited Rejections or Conditions**

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This bill prohibits a carrier from rejecting a hospital for participation on the carrier's provider panel or conditioning a hospital's participation on the carrier's provider panel based on whether a provider with hospital privileges participates on the carrier's provider panel. Violation of this prohibition is an unfair method of competition and an unfair and deceptive act or practice in the business of insurance.

The bill takes effect June 1, 2009.

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**Fiscal Summary**

**State Effect:** Enforcement can be handled with existing budgeted resources of the Maryland Insurance Administration (MIA).

**Local Effect:** None.

**Small Business Effect:** Potential minimal.

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**Analysis**

**Current Law:** Chapter 688 of 2008 altered certain provisions of law regarding provider contracts. Effective October 1, 2009, a provider contract may not require a provider, as a condition of participating in a nonhealth maintenance organization provider panel, to participate in a health maintenance organization (HMO) provider panel or dental provider panel. A provider contract may require a provider to participate in a managed care organization (MCO).

Provider contracts have to disclose the carriers comprising each provider panel. If a provider contract includes more than one schedule of applicable fees, the contract may not require a provider, as a condition of participation, to accept each schedule. If a provider rejects a schedule, the provider contract may not require the provider to treat enrollees in accordance with any schedule rejected by the provider. A provider contract may include a provision that requires a provider, as a condition of participation, to accept each schedule of applicable fees for a carrier that is not affiliated through common ownership with the entity arranging the provider panel. These provisions do not apply to a provider contract for a dental provider panel.

**Background:** Carriers are contractually obligated to provide a sufficient number of in-network providers for their enrollees, including hospital-based physicians. According to the Maryland Hospital Association, some carriers may use the opportunity for a hospital to participate on a provider panel as a bargaining tool to pressure hospital-based physicians to join a provider panel. This arrangement is unfair to hospitals and may curtail hospital-based physicians from being able to fully negotiate rates with carriers.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 4, 2009  
mlm/mwc

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