

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1366 (Delegates Bromwell and Kipke)
Health and Government Operations

Health Insurance - Assignment of Benefits

This bill specifies that a health insurer, nonprofit health service plan, health maintenance organization, or dental plan organization (carrier) may not prohibit the assignment of benefits to a health care provider by an enrollee or refuse to directly reimburse a health care provider under a valid assignment of benefits. "Assignment of benefits" means the transfer of health care coverage reimbursement benefits or other rights under a health benefit plan by the enrollee to a health care provider.

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 meaningful. Small business health care providers may receive more assignments of benefits, potentially drawing in more patients and streamlining their billing and collections processes.

Analysis

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 Comments: Two related bills, SB 538/HB 848 of 2007, specified that carriers must mail or transmit payment for a claim or a notice of receipt and status of the claim *to the person that filed the claim*. The bills were heard by the Senate Finance and House Health and Government Operations committees, respectively, but both were later withdrawn.

Additional Information

Prior Introductions: None.

Cross File: None designated; however, SB 852 is identical.

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

Fiscal Note History: First Reader - March 11, 2009
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