HB 435

Department of Legislative Services

Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

House Bill 435 (Delegate Kach, *et al.*)
Health and Government Operations Finance

Health Insurance - Reimbursement of Primary Care Providers - Bonus Payments

This bill requires carriers that provide hospital, medical, or surgical benefits to pay a bonus to primary care providers for services provided in the office after 6 p.m. and before 8 a.m., or on weekends and national holidays. However, a group model health maintenance organization (HMO) does not have to pay such bonuses to physicians that are employed by the physician group under contract with the group model HMO. The terms of a bonus payment must be described in a carrier's contract with the primary care provider.

Fiscal Summary

State Effect: Expenditures for the State Employee and Retiree Health and Welfare Benefits Program (State plan) increase by an indeterminate amount beginning in FY 2011 to make bonus payments to primary care providers. To the extent that services provided outside normal office hours reduce the need for other more costly care, expenditures will be offset by savings. Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the $125 rate and form filing fee in FY 2011. Review of filings can be handled with existing budgeted MIA resources.

Local Effect: Expenditures increase for some local governments to make bonus payments to primary care providers.

Small Business Effect: Potential increase in expenditures for the Comprehensive Standard Health Benefit Plan (CSHBP) from bonus payments to primary care providers for certain services. Potentially meaningful for small business primary care providers as well.

Analysis

Current Law: In general, Title 15, Subtitle 7 of the Insurance Article requires health insurance policies, contracts, and certificates to reimburse for any covered service if a practitioner is providing services within the lawful scope of practice. Policies, contracts, and certificates must provide the option of covering services rendered by certain licensed providers.

Background: The Maryland Health Care Commission's 2006 report on emergency department crowding documented the high proportion of emergency department visits for nonemergency care (18%), primary care treatable conditions (17%), and emergent conditions that could be prevented with better access to primary care in the community (5%). While utilization was particularly high for uninsured individuals or those covered by Medicaid, the phenomenon was also driven by commercially insured individuals unable to get a convenient appointment with a personal physician. According to a 2008 report of the Task Force on Health Care Access and Reimbursement, the median emergency department expense, including facility and physician expense, was over six times greater than an office-based visit ($72 vs. $460) in 2006. The task force, citing the limited availability of after-hours primary care as a contributing problem to overburdened emergency departments, recommended that carriers pay primary care providers a premium for routine care provided after hours in the workday or on weekends.

State Expenditures: Although not required to follow health insurance mandates, the State plan generally does. Thus, this estimate is based on the assumption that the State plan will follow the bill's requirement.

The Department of Budget and Management advises that it cannot determine the bill's fiscal impact on the State plan since the bill does not indicate the form or amount of any bonus paid to providers. However, Legislative Services advises that any additional payment will increase costs to the State plan. Therefore, State plan expenditures increase beginning in fiscal 2011 from bonus payments made to primary care providers for certain services. The amount of any increase cannot be determined at this time. To the extent greater access to primary care providers reduces the need for more costly care, expenditures may be offset by savings. The amount of any savings cannot be reliably estimated at this time.

State plan expenditures are split 59% general funds, 30% special funds, and 11% federal funds.

Local Expenditures: Local government expenditures (for those that purchase fully insured plans from an insurance company) increase for some local governments from

bonus payments to primary care providers for services provided outside normal office hours.

Small Business Effect: This bill applies to the small group market. Therefore, expenditures for CSHBP potentially increase from bonus payments to eligible providers for services provided outside normal office hours.

In addition, small business primary care providers may see an increase in revenue if they provide services eligible for bonus payments.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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