

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 1075 (Delegate Kipke)
Health and Government Operations

Health Insurance - Payments for Services of Nonparticipating Health Care
Providers

This bill requires a health insurer, nonprofit health service plan, or health maintenance organization (carrier) that pays for health care services provided to an enrollee by a nonparticipating provider by issuing a check to the enrollee to make the check payable to both the enrollee and the nonparticipating provider.

Fiscal Summary

State Effect: The bill does not materially affect governmental operations or finances.

Local Effect: None.

Small Business Effect: Potential meaningful. Small business health care providers may receive more reimbursement from patients they treat.

Analysis

Current Law: None applicable.

Background: Generally, a carrier contracts 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 contracts, the provider is considered a nonparticipating provider with that particular carrier. Some nonparticipating providers 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.

In October 2009, the Office of the Attorney General reported to the Joint Committee on Health Care Delivery and Financing that 31 states address assignment of health insurance benefits in their laws. The State of Washington requires insurers to make checks payable jointly to the patient and the provider, also requiring endorsement by each, unless the patient provides proof of prepayment to the provider, in which case the check is made payable to the patient.

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, Maryland Insurance Administration, Department of Legislative Services

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