

Department of Legislative Services  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**

Senate Bill 756  
Finance

(Senator King, *et al.*)

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**Health Insurance - Assignment of Benefits**

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This bill specifies that a health insurer, nonprofit health service plan, health maintenance organization (HMO), third-party administrator, 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.

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**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.

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**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 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.

During the 2009 legislative session, SB 852 and HB 1366 were introduced to require carriers to honor an assignment of benefits. SB 852 was amended to require a carrier to provide notice to its insureds, subscribers, and enrollees about the carrier's policy regarding the honoring of an assignment of benefits. The amendments also required 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.

Although neither bill became law, the Joint Committee on Health Care Delivery and Financing studied the benefits, costs, and other policy issues associated with the assignment of benefits and developed a legislative proposal outline for assignment of benefits.

According to the Office of the Attorney General, 31 states (plus Iowa under private agreement) have assignment of benefit laws which vary in nature and scope.

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### **Additional Information**

**Prior Introductions:** SB 852 and HB 1366 of 2009, as introduced, were identical to the bill. SB 852 was amended and passed by the Senate, but no further action was taken. HB 1366 was withdrawn after a hearing in the House Health and Government Operations Committee. SB 448 and HB 1169 were heard by the Senate Finance Committee and the House Health and Government Operations Committee, respectively. No further action was taken on either bill.

**Cross File:** HB 594 (Delegate George, *et al.*) - Health and Government Operations.

**Information Source(s):** Department of Health and Mental Hygiene, Maryland Insurance Administration, Office of the Attorney General, Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2010  
mpc/mwc

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