

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 637

(Senator Pipkin, *et al.*)

Finance

Health and Government Operations

Health Insurance - Dental Provider Panels - Provider Contracts

This bill prohibits a provider contract from including a provision that requires a participating dental provider, as a condition of continued participation in either a capitated dental provider panel or fee-for-service provider panel, to accept an added, revised, or amended fee schedule that contains a lower fee.

The bill applies to all dental provider contracts issued, renewed, or amended on or after October 1, 2010.

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2011 from the \$125 rate and form filing fee. Review and approval of forms and rate filings can be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: A “capitated dental provider panel” means a provider panel for one or more dental plan organizations offering contracts only for dental services reimbursed on a capitated basis for certain services. A “fee-for-service dental provider panel” means a provider panel for one or more dental plan organizations, insurers, or nonprofit health service plans offering contracts only for dental services reimbursed on a full or discounted fee-for-service basis.

Dental plans and health maintenance organizations (HMOs) offering dental coverage may contract with dentists to form a capitated dental provider plan, a fee-for-service dental provider panel, or both. If a dental plan or HMO has both types of provider panels, the dentist may elect to participate on the capitated dental provider panel, the fee-for-service dental provider panel, or both.

Some carriers have more than one fee schedule in each type of dental provider panel. In this case, the dentist must agree to accept all fee schedules included in the applicable provider panel. When a carrier introduces a new fee schedule, the dentist's only option is to continue to participate on the provider panel or terminate participation.

Chapters 549 and 550 of 2009 directed MIA to conduct a review of dental provider contracts, the terms and conditions of the contracts, and the impact that the contracts have on the dental profession and report its findings and recommendations. In its findings, MIA indicated that dentists' negotiating power is potentially limited when new fee schedules are introduced and recommended that, to provide dentists with additional negotiating power, the General Assembly enact legislation allowing a dentist to opt out of a new fee schedule introduced by a carrier after the date the dentist and the carrier entered into a contract.

Additional Information

Prior Introductions: As introduced, SB 481 and HB 145 would have prohibited a dental provider contract from requiring a dental provider to accept, as a condition of participation, each fee schedule included in the contract. The bills were amended and were enacted as Chapters 549 and 550 of 2009, discussed above.

Cross File: HB 804 (Delegates Kach and Olszewski) – Health and Government Operations.

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

Fiscal Note History: First Reader - February 22, 2010
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