

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 974 (Delegate Tarrant, *et al.*)
Health and Government Operations

Health Insurance - Preauthorization of Health Care Services - Use of Electronic Health Records

This bill requires insurers, nonprofit health service plans, health maintenance organizations, and dental plan organizations (carriers) to make a decision on a request for preauthorization of a health care service or prescription within four hours of receipt. This timeframe applies only if a health care provider uses an electronic health record (EHR) that is connected to the State-designated health information exchange (HIE) or serviced by a State-designated management service organization (MSO). A carrier is deemed to have approved a service or prescription if the carrier has not made a preauthorization decision within this time period.

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2012 from the \$125 rate and form filing fee. Review and approval of forms can be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: Minimal; however, small business health care providers may receive preauthorization for health care services or prescriptions more promptly under the bill.

Analysis

Current Law: EHRs are electronic records of health-related information on an individual that includes patient demographic and clinical health information and has the

capacity to provide clinical decision support, support physician order entry, capture and query information relevant to health care quality, and exchange electronic health information with and integrate the information from other sources.

HIE means a statewide infrastructure that provides organizational and technical capabilities to enable the electronic exchange of health information between health care providers and other health services organizations authorized by the Maryland Health Care Commission (MHCC).

MSO means an organization that offers one or more hosted EHR solutions and other management services to multiple health care providers. MHCC is required to designate one or more MSOs by October 2012. MHCC may use federal grants and loans to help subsidize the use of MSOs by health care providers.

Background: The statewide HIE is intended to support high quality, safe, and effective health care; make certain that data are exchanged privately and securely; ensure transparency and stakeholder inclusion; support connectivity regionally and nationally; achieve and maintain financial sustainability; and serve as the foundation for transforming health care in Maryland. Ultimately, the HIE will connect stakeholders, including approximately 47 acute care hospitals and 7,907 physician practices throughout Maryland. According to MHCC, the HIE is currently connecting hospitals. Ambulatory providers will be added beginning in spring 2011, a process that could take several years.

MSOs provide an alternative to traditional client-server EHRs whereby the software is accessed via the Internet and information is hosted off-site in secure network operating centers. MSOs are less expensive and require less maintenance than client-server EHRs. According to MHCC, about 430 providers are currently using MSOs, and the number is expected to grow rapidly over the next year.

As technology has rapidly evolved and adoption of EHRs has expanded, many carriers require much of the information submitted by health care providers, such as preauthorization requests and reimbursement claims, to be in an electronic format. However, health care providers have not always received faster turnaround of these requests despite use of electronic communications.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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mlm/mwc

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