

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

Senate Bill 869

(Senator Edwards, *et al.*)

Finance

Rules and Executive Nominations

**Health Insurance - Ambulance Service Providers - Direct Reimbursement -
Repeal of Termination Date**

This bill repeals the termination date of Chapters 425 and 426 of 2011, which require insurers, health maintenance organizations (HMOs), and nonprofit health service plans (collectively known as carriers) to *directly* reimburse certain ambulance service providers for covered services provided. Chapters 425 and 426 took effect January 1, 2012, and are scheduled to terminate June 30, 2015.

The bill takes effect June 1, 2015.

Fiscal Summary

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

Local Effect: Local jurisdictions that provide and bill for emergency medical services maintain additional revenues and reduced administrative expenses.

Small Business Effect: None.

Analysis

Bill Summary/Current Law: Under Chapters 425 and 426, a carrier, except for an HMO, must reimburse directly an ambulance service provider that obtains an assignment of benefits from the insured for covered services provided to the insured. An HMO must reimburse an ambulance service provider directly for covered services provided to an enrollee. An ambulance service provider that receives direct reimbursement from a carrier may not balance bill an insured, subscriber, or enrollee, other than to collect (1) any

copayment, deductible, or coinsurance amount owed; (2) if Medicare is the primary insurer, any amount not owed by Medicare after coordination of benefits; and (3) any payment or charge for noncovered services.

Notwithstanding existing law regarding reimbursement by HMOs, an HMO's allowed amount for a covered health care service provided by an ambulance service provider that is not under written contract with the HMO may not be less than the allowed amount paid to an ambulance service provider that is under written contract with the HMO for the same covered service in the same geographic region, as defined by the federal Centers for Medicare and Medicaid Services (CMS). An insurer's or nonprofit health service plan's allowed amount for a health care service covered under a preferred provider insurance policy and provided by an ambulance service provider that is a nonpreferred provider may not be less than the allowed amount paid to an ambulance service provider that is a preferred provider in the same geographic region as defined by CMS.

Background: Many Maryland jurisdictions, including some volunteer companies, bill for ambulance service. The amount billed depends on the severity of the call and can range from approximately \$200 to more than \$500, with additional mileage charges in some jurisdictions. Prior to Chapters 425 and 426, carriers typically provided reimbursement for ambulance service (as most ambulance companies were nonparticipating providers) directly to the insured, subscriber, or enrollee. Ambulance companies then billed the insured, subscriber, or enrollee, but frequently reimbursement was never received.

According to the Health Education and Advocacy Unit in the Office of the Attorney General, Chapters 425 and 426 have been beneficial to consumers who have been balance billed for ambulance services.

Local Fiscal Effect: According to local jurisdictions that bill for ambulance service, Chapters 425 and 426 increased reimbursement for ambulance service and reduced the administrative cost of collections. In the absence of the bill, these ambulance companies must resume collection of payment directly from the insured, subscriber, or enrollee, likely diminishing revenues and requiring use of collection procedures.

Additional Comments: Uncodified language in Chapters 425 and 426 required the Maryland Health Care Commission, by January 1, 2014, and January 1, 2015, to submit an interim and a final report, respectively, to specified committees of the General Assembly regarding changes in claims for ambulance service providers under the legislation. Neither report was submitted.

Additional Information

Prior Introductions: None.

Cross File: HB 562 (Delegate Kramer, *et al.*) - Health and Government Operations.

Information Source(s): Baltimore, Dorchester, and Garrett counties; Office of the Attorney General; Department of Budget and Management; Maryland Institute for Emergency Medical Services Systems; Department of Health and Mental Hygiene; Maryland Insurance Administration; Department of Legislative Services

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md/ljm

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