

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 732

Finance

(Senators Feldman and Klausmeier)

Hospitals - Acquisitions of Physician Offices, Group Practices, and Outpatient Health Care Entities - Notice

This bill requires a hospital – at least 30 day before acquiring a physician office, a group practice, or an outpatient health care entity – to provide written notice of the acquisition to each patient who received health care services at the physician office, group practice, or outpatient health care entity within the last 12 months. The notice, which must be substantially similar to a notice included in the bill, must alert patients that the cost of services may increase following the acquisition and that the same services may be available at a lower cost from entities that are not hospital owned. It must also offer to provide specified information on other providers of health care services. A person who violates the bill's requirements is guilty of a misdemeanor and on conviction is subject to a fine of up to \$500.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances.

Local Effect: The bill is not anticipated to affect local government operations or finances.

Small Business Effect: None.

Analysis

Current Law: Hospitals are not required to notify patients of a physician office, a group practice, or an outpatient health care entity of the hospital's intent to acquire the physician office, group practice, or outpatient health care entity, or to alert patients that costs may increase as a result.

Background: When a physician office, group practice, or outpatient health care entity is acquired by a hospital, costs may increase as a result of the physician office, group practice, or outpatient health care entity charging a new “facility fee.” Generally, facility fees allow a hospital to bill patients a service charge for the use of hospital facilities and equipment. Hospitals can charge patients facility fees if they see physicians who work in an office that is owned by the hospital. In some cases, a patient may be responsible for the fee if the patient’s insurance declines to pay or if the patient has a high-deductible health plan.

In 2016, Vermont enacted legislation that, among other things, requires hospitals to provide written notice about the acquisition or transfer of health care providers to each patient served by an acquired or transferred health care provider. The law requires hospitals to take several actions, including (1) notifying the patient that the health care provider is now affiliated with the hospital; (2) providing the hospital’s name and contact information; (3) notifying the patient that the change in affiliation may affect his or her out-of-pocket costs, depending on the patient’s health insurance plan and the services provided; and (4) recommending that the patient contact his or her insurance company with specific questions or to determine his or her actual financial liability.

In Connecticut, similar legislation passed in 2015 requiring all hospitals and health systems that acquire a physician group and plan to implement a facility fee to notify all of the practice’s patients from the previous three years. The legislation also requires that all billing statements that include a facility fee plainly identify the fee, ensure it is apparent the fee covers operational expenses, and include a written notice of patients’ right to request the facility fee, or any other item on the bill, be reduced.

Additional Information

Prior Introductions: None.

Cross File: HB 1460 (Delegate Kelly, *et al.*) - Health and Government Operations.

Information Source(s): Department of Health and Mental Hygiene; Department of Legislative Services

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mm/jc

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