

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 437
Finance

(Senator Lam)

**Health Maintenance Organizations - Payments to Nonparticipating Providers -
Reimbursement Rate**

This bill alters the reimbursement rate that a health maintenance organization (HMO) must pay a nonparticipating provider. Specifically, if an HMO pays a nonparticipating provider 125% of the average rate the HMO paid, reimbursement must be based on the rate paid as of January 31, 2019, indexed for inflation as specified.

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2026 only. Any additional workload for MIA can be absorbed within existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law/Bill Summary: Section 19-710.1 of the Health-General Article specifies how much an HMO must pay for a covered service rendered to an enrollee by a noncontracting provider.

- For an evaluation and management (E&M) service, an HMO must pay the greater of (1) 125% of the average rate the HMO paid as of January 1 of the previous calendar year, in the same geographic area, for the same covered service, to similarly licensed contracting providers or (2) 140% of the Medicare rate for the same

covered service, to a similarly licensed provider, in the same geographic area as of August 1, 2008, inflated by the change in the Medicare Economic Index from 2008 to the current year.

- For a service that is not an E&M service, an HMO must pay at least 125% of the average rate the HMO paid as of January 1 of the previous calendar year, in the same geographic area, to a similarly licensed contracting provider for the same covered service.
- An HMO must pay a noncontracting trauma physician the greater of (1) 140% of the Medicare rate or (2) the rate the HMO paid, as of January 1, 2001, in the same geographic area, for the same covered service, to a similarly licensed provider.

Under the bill, for an E&M service, an HMO must pay the greater of (1) 125% of the average rate the HMO paid *as of January 31, 2019*, in the same geographic area, for the same covered service, to similarly licensed contracting providers, *inflated by the change in the Medicare Economic Index from 2019 to the current year* or (2) 140% of the Medicare rate for the same covered service, to similarly licensed contracting providers.

Under the bill, for a service that is not an E&M service, an HMO must pay at least 125% of the average rate the HMO paid *as of January 31, 2019*, in the same geographic area, to a similarly licensed contracting provider for the same covered service, *inflated by the change in the Medicare Economic Index from 2019 to the current year*.

The bill does not alter the rate that an HMO must pay a noncontracting trauma physician.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 487 and HB 570 of 2024.

Designated Cross File: HB 418 (Delegate Kipke) - Health and Government Operations.

Information Source(s): Maryland Institute for Emergency Medical Services Systems; Maryland Department of Health; Maryland Insurance Administration; Department of Legislative Services

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js/ljm

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