



LEGISLATIVE POSITION:

Unfavorable

Health Maintenance Organizations - Payments to Nonparticipating Providers - Reimbursement Rate

Senate Bill 487

Finance Committee

Wednesday, February 7, 2024

Dear Chairwoman Beidle and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce (Maryland Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

Senate Bill 487 would amend the reimbursement rate at which health maintenance organizations are required to pay nonparticipating health care providers for services.

Under current statute, HMOs must compensate nonparticipating providers for evaluation and management services at either 140% of the Medicare rate or 125% of the previous year's average rate. SB 487 would tie the reimbursement rate 125% of the average rate paid as of January 31, 2019, adjusted by the Medicare Economic Index change from 2019 to the current year.

There is already a formula for what an HMO must pay out of network, and patients are protected under federal law from unexpected costs of emergency services. The federal No Surprises Act of 2022 prevents providers from charging patients more than their in-network cost-sharing for emergency services, even if the provider is out-of-network. This means that a provider cannot 'balance bill' out of network members who receive emergency services, protecting patients from receiving a large or surprise bill. This reduces the rate at which providers can charge for their services. SB 487 would substantially raise the rates nonparticipating emergency service providers could bill HMOs, without offering any corresponding benefits to consumers.

SB 487 would lead to increased health care costs to employers and their employees without any increase in the quality of health care services. Employers could also see impacts in employee satisfaction and retention if healthcare costs rise significantly.

We urge the committee to consider that implications this legislation could have on consumers. Additionally, there is concern that this is a workaround to the existing federal law.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on SB 487.

