



Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc
2101 East Jefferson Street
Rockville, Maryland 20852

February 7, 2023

The Honorable Pamela Beidle
Senate Finance Committee
3 East, Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

RE: SB 487 – Oppose

Dear Chair Beidle and Members of the Committee:

Kaiser Permanente respectfully opposes SB 487, “Health Maintenance Organizations - Payments to Nonparticipating Providers - Reimbursement Rate.”

Kaiser Permanente is the largest private integrated health care delivery system in the United States, delivering health care to over 12 million members in eight states and the District of Columbia.¹ Kaiser Permanente of the Mid-Atlantic States, which operates in Maryland, provides and coordinates complete health care services for over 825,000 members. In Maryland, we deliver care to approximately 475,000 members.

As a group-model health maintenance organization (HMO), KP closely coordinates primary, secondary, and hospital care; places a strong emphasis on prevention; and extensively uses care pathways and electronic medical records. Compared with more than 1,000 health plans nationwide, Kaiser Permanente’s Mid-Atlantic region is one of only two commercial health plans to receive 5 out of 5 stars from the 2023 National Committee for Quality Assurance’s (NCQA) Health Plan Ratings annual report. Kaiser Permanente is renowned for the tight integration of its clinical services, meaning that it is selective about which health providers it contracts with in order to provide the highest quality affordable health coverage for its members.

Current law requires that an HMO pay a nonparticipating provider the greater of two rates for an evaluation and management service: 1) either 140% of the rate paid by Medicare, or 2) 125% of the average rate from January 1 of the previous year. SB 487 proposes to amend the latter alternative, to tie the reimbursement rate to 125% of the average rate paid as of January 31, 2019, inflated by the change in the Medicare Economic Index from 2019 to the current year.

This law would substantially increase the rates nonparticipating emergency service providers could charge HMOs, with no corresponding benefit to consumers. The No Surprises Act, which

¹ Kaiser Permanente comprises Kaiser Foundation Health Plan, Inc., the nation’s largest not-for-profit health plan, and its health plan subsidiaries outside California and Hawaii; the not-for-profit Kaiser Foundation Hospitals, which operates 39 hospitals and over 650 other clinical facilities; and the Permanente Medical Groups, self-governed physician group practices that exclusively contract with Kaiser Foundation Health Plan and its health plan subsidiaries to meet the health needs of Kaiser Permanente’s members.

took effect in 2022, prohibits a provider from billing a patient more than their in-network cost-sharing for emergency services, even if the provider is out-of-network. Consequently, average provider rates are lower now because they no longer include amounts that patients received as balance/surprise bills.

By tying the reimbursement rate to 2019, i.e., before the No Surprises Act, this bill would allow nonparticipating providers to bill HMOs for the amount they would have previously billed patients. Consequently, it provides a disincentive for provider groups to join HMO networks, and patients will experience these increased costs in the form of higher premiums. As a result, this legislation is at odds with the objective of the No Surprises Act to protect patients from the high costs of out-of-network emergency care. It is also at odds with the objective of Kaiser Permanente to provide the highest quality care at the lowest cost.

Kaiser Permanente respectfully requests an unfavorable report for SB 487. Thank you for the opportunity to comment. Please feel free to contact me at Allison.W.Taylor@kp.org or (202) 924-7496 with questions.

Sincerely,

A handwritten signature in cursive script that reads "Allison Taylor".

Allison Taylor
Director of Government Relations
Kaiser Permanente