

MedChi

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TO: The Honorable Thomas Mac Middleton, Chair
Members, Senate Finance Committee
The Honorable Catherine Pugh

FROM: Joseph A. Schwartz, III
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DATE: March 5, 2014

RE: **OPPOSE** – Senate Bill 884 – *Health Insurance – Incentives for Health Care Practitioners*

The Maryland State Medical Society (MedChi), which represents more than 8,000 Maryland physicians and their patients, opposes Senate Bill 884.

Senate Bill 884 would repeal current Maryland law which has regulated the “bonus” practices of health insurers since it was enacted in the late 1990s. The current law allows health insurers to give bonuses to doctors as long as the bonus “...is not based on the cost of number of medical services...without reference to the medical appropriateness or necessity of the services.” (page 2, lines 19-22 of the bill). This provision was added by the House Economic Matters Committee – then chaired by the current Speaker – and was designed to outlaw practices that were current at that time.

Not only would Senate Bill 884 repeal this restriction in the current law but it would replace it with open-ended language (page 2, lines 24-28) which would allow virtually any type of “bonus” arrangement that a health insurer and a doctor could concoct. For example, there could be bonuses for a doctor who convinces a surgical patient to leave the hospital earlier than would be normally medically indicated. Not too long ago, health insurers were incentivizing doctors to have moms and babies removed from the hospital after 24 hours when it was fairly clear that, in most instances, at least another day was required. That practice was stopped by the passage of a law in Maryland which was then adopted by the Congress on a national basis.

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There are any number of health care services that can be delivered in “...in an efficient manner ...” (page 2, lines 24-25) but may not be delivered in a medically appropriate manner. For instance, a doctor may be “bonused” for not ordering MRIs when an MRI is medically appropriate.

MedChi is certainly willing to work with the sponsor of the legislation to encourage medically appropriate bonuses in the health insurance industry. It may be that the Maryland Insurance Administration (MIA) is not providing helpful guidance on the current bonus law. If that is the case, perhaps an approach to the MIA would be more appropriate than a revision of the law.

MedChi would ask for an unfavorable vote on Senate Bill 884.

For more information call:

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