

MedChi

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TO: The Honorable Thomas “Mac” Middleton, Chairman
Members, Senate Finance Committee
The Honorable Nancy King
The Honorable Rob Gariagiola

FROM: Joseph A. Schwartz, III
Pamela Metz Kasemeyer
J. Steven Wise

DATE: February 17, 2010

RE: **SUPPORT** – Senate Bill 756 – *Health Insurance – Assignment of Benefits*
SUPPORT WITH AMENDMENTS – Senate Bill 314 – *Health Insurance –*
Assignment of Benefits and Reimbursement of Nonpreferred Providers

The Maryland State Medical Society (MedChi), which represents over 7,300 Maryland physicians and their patients, supports Senate Bill 756 and supports with amendments Senate Bill 314 that proposal as identical to Senate Bill 756.

For the last number of years, MedChi has sought the passage of Assignment of Benefits (AOB) legislation such as exists, in whole or in part, in 32 states according to an October report of the Maryland Attorney General’s Office. An AOB law establishes a simple legal proposition: a consumer may not be contractually forbidden by a health insurer from assigning his or benefits to a treating doctor. An AOB law outlaws such contractual clauses in insurance contracts.

While a Maryland AOB law has been the subject of much debate and an extensive summer study by the Joint Committee on Health Care Delivery and Financing, the objections to such a law are hypothetical and overstated. In a nutshell, the health insurance carriers (principally CareFirst) argue that an AOB law will drive physicians from existing networks and, thus, subject patients to increased bills from doctors who are no longer “participating” with the network. CareFirst has widely published material estimating “costs” to patients if 10%, 25% or 50% of its doctors leave the CareFirst

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network. **Despite these grim exaggerations, CareFirst has been unable to point to a single state where an AOB law passed and the supposed network apocalypse occurred!** Indeed, at one juncture in this debate, CareFirst identified Idaho as a State where the AOB dental law had reeked such havoc; MedChi’s inquiries produced a letter from BlueCross of Idaho (attached) which showed that 90% of Idaho’s dentists were participating.

Almost all doctors want to participate for a number of reasons. First, participation ensures a flow of patients; second, for hospital based doctors such as anesthesiologists and pathologists, the hospital administrators actively encourage participation with all insurers as the hospitals participate with all insurers; third, doctors seek to mitigate patient costs by referring their patients to other doctors who are “in network.” The fact of the matter is – is that health insurance considerations permeate our entire health care system and it is better for a doctor to be “in” than to be “out.” Only in extreme situations does a doctor opt to be “out.”

The CareFirst scare tactic has been effective. Indeed, the Joint Committee constructed a “compromise” saying that if an “on call” specialist in the hospital desired an Assignment of Benefits, that specialist must agree to cap his or her fee at the greater of 140% of Medicare or 140% of what the carrier was paying to its in-network physicians. While MedChi lauds the work of the Joint Committee, it is strongly against any “cap” on fees of doctors. Indeed, “on call” specialists are perhaps the last group of doctors whose fees should be capped as they are already in short supply and Maryland hospitals are being required to subsidize them because of low reimbursement rates. The reason that “on call” specialists are not participating is because of the abysmal rates being paid by CareFirst and United which compromise such a great percentage of the Maryland insurance market. The simple way to have all doctors be “in” (as they want to be), is to pay fair and reasonable rates. From a doctor’s viewpoint, being “in” has many advantages including ease of administration and claims handling.

MedChi would like to thank this Committee for the time it has spent on the AOB issue. Senate Bills 756 and 314 will be the vehicle by which the AOB debate is ended once and for all in Maryland.

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MedChi asks this Committee for its favorable consideration and a definite and firm rejection of the unconscionable exaggerations of CareFirst and the health insurance industry. CareFirst which “controls” the Maryland insurance market should remember that its mission is to be a responsible steward rather than a hyperbolic bully.

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