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TO: The Honorable Peter A. Hammen, Chair
Members, House Health & Government Operations Committee
The Honorable Wade Kach

FROM: Joseph A. Schwartz, III
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DATE: February 20, 2014

RE: **SUPPORT** – House Bill 709 – *Health Insurance – Assignment of Benefits and Reimbursement of Nonpreferred Providers – Repeal of Reporting Requirement and Termination Date*

The Maryland State Medical Society (MedChi), which represents more than 8,000 Maryland physicians and their patients, supports House Bill 709.

In 2010, the General Assembly passed MedChi initiated legislation relating to the Assignment of Benefits (AOB). The passage of the AOB law in 2010 was the conclusion of a multi-year effort to allow patients to “assign” their benefits to a doctor who did not participate in a particular insurance network. Health insurers had succeeded in defeating the law in earlier years but were unsuccessful in 2010 when an amended version was passed.

The amended version which was acceptable to the General Assembly (but not to the insurers), was crafted by the then Maryland Insurance Commissioner and provided that patients may “assign” their benefits to a doctor and that the insurance carriers would have to honor that assignment. With respect to hospital based doctors and on-call physicians, while the assignment would be allowed, those physicians would have to accept a statutory rate of reimbursement and could not balance bill any other amount to the patient. The statutory rate was the greater of (1) 140% of the insurer’s average contract rate for the same service or (2) the average amount the insurer paid to its non-contracted doctors for the same service.

Despite the arguments of health insurance lobbyists in 2010 to the effect that the AOB

law would completely disrupt provider networks, such has not been the case. As passed in

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2010, the law contained a five year sunset and called for a report to be done by the Maryland Health Care Commission (MHCC) on or before October 1, 2014. This “final” report was to complement a report done by the MHCC on the law on or before July 1, 2012.

House Bill 709 removes the sunset on the AOB which currently ends which currently ends no September 30, 2015. Since the AOB law has been accepted without any disruption in the last four years, MedChi believes that it is appropriate to make it a permanent statute. Removing the sunset at this time will also relieve the MHCC of doing a report on the law when there seems to be no practical basis for this requirement. The “war” of 2010 appears to have ended, in T.S. Eliot’s words, “...not with a bang but with a whimper.”

MedChi urges a favorable report on House Bill 709.

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