

MedChi

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TO: The Honorable Thomas Mac Middleton, Chair
Members, Senate Finance Committee
The Honorable John Astle

FROM: Joseph A. Schwartz, III
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DATE: February 12, 2014

RE: **SUPPORT** – Senate Bill 416 – *Health Maintenance Organizations – Payments to Nonparticipating Providers – Repeal of Termination Date*

The Maryland State Medical Society (MedChi), which represents more than 8,000 Maryland physicians and their patients, supports Senate Bill 416.

Senate Bill 416 removes the sunset date on that provision of the HMO law which establishes fees to be paid to an out-of-network provider. Without the passage of Senate Bill 416, the out-of-network fee schedule provisions would expire on December 31, 2014. The out-of-network provisions in question have been developed by this Committee and the General Assembly over the years and provide for the amounts to be paid to trauma physicians as well as for other doctors. In 2009, the Maryland Health Care Commission (MHCC) was instrumental in proposing the current fee schedule which was passed into law by the General Assembly. The current fee schedule makes a distinction for an “evaluation and management service” performed by a health care provider which is to be compensated at the greater of (1) 125% of the average rate paid by the HMO in the same area for the same service or (2) 140% of the rate paid by Medicare. For a non-evaluation and management service, the scheduled payment is 125% of the average rate that the HMO pays in the same geographic area.

Even though HMOs are no longer as dominant in Maryland as they once were, the current law dealing with out-of-network providers and their fair reimbursement was developed incrementally over a substantial number of years. The last addition in 2009 was for the services and at the rates mentioned above. There has been no dispute in the last five years over this amount and MedChi believes that the sunset should be removed as provided for in Senate Bill 416.

For more information call:

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