



**MARYLAND HEALTH CARE COMMISSION**

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**2015 SESSION  
POSITION PAPER**

**BILL NO:** SB 92  
**COMMITTEE:** FIN  
**POSITION:** SUPPORT

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**TITLE:**

Health Insurance- Assignment of Benefits and Reimbursement of Nonpreferred Providers- Repeal of Termination Date

**SYNOPSIS:**

Repealing the termination date of specified provisions of law relating to the assignment of benefits and reimbursement of nonpreferred providers.

**POSITION & RATIONALE:**

The Maryland Health Care Commission (Commission) supports SB 92 Health Insurance- Assignment of Benefits and Reimbursement of Nonpreferred Providers- Repeal of Termination Date.

The Commission reported to the House Health and Government Operations Committee and the Senate Finance Committee on the impact of the Assignment of Benefits (AOB) legislation, as required under Chapter 537, 2010 Laws of Maryland. This law established rules for preferred provider organizations (PPOs) to reimburse non-participating hospital-based and on-call physicians. An interim report was submitted in December 2012 and a final report was submitted in January 2015 (attached). The final report is based on information from two periods: (i) a period prior to implementation, primarily 2010, which provides a baseline from which to assess the impact of the legislation; and (ii) 2013, subsequent to implementation of the legislation. The legislation directed MHCC to study the impact of the legislation on patients, providers, and payers.

The opinion of the Maryland Health Care Commission expressed in this document does not necessarily reflect that of the Department of Health and Mental Hygiene or the Administration.

The final report found that the legislation met its goal of reducing the burden on patients who used out-of-network providers. Patients' financial burden became more predictable because most non-participating hospital-based and on-call physicians affected by the statute chose to accept assignment, which then triggered the payment formula specified in the statute. Overall, the out-of-pocket payments as a share of total payments fell from 2010 to 2013 for patients that used out-of-network services. As important, the percent of total physician services delivered by non-participating hospital-based and on-call physicians fell from 21 percent to 11 percent between 2010 and 2013.

Non-participating physicians benefited from increased predictability in payments even as many decreased their reliance on balance billing. Among non-participating providers affected by the legislation, assignment of benefits was chosen by the vast majority. By 2013, between 65 and 82 percent of out-of-network (OON) payments for hospital-based and on-call specialists were made under the assignment of benefits rules established by the law.

MHCC's report found no evidence of a systematic deterioration in PPO physician networks that many carriers had alleged would happen when the law was passed. Overall, the out-of-network share of total services declined between 2010 and 2013. OON share of total services fell by nearly 50 percent for emergency room and anesthesia. Smaller, but meaningful, declines were identified for radiology and pathology. MHCC did observe some declines in network participation for specific specialties for some payers. These fluctuations could not be linked specifically to the law and could as easily be attributable to contracting strategies and other network development approaches, including increased carrier interest in developing narrower, higher value networks.

The legislation has achieved its goals and the fears about deterioration of networks have not materialized. After carefully assessing the legislation, the Commission recommends that the General Assembly remove the termination date.

Attachment: AOB Report Final 1/15/15