



# Release of Study on HMO Out-of- Network Provider Payments and Network Participation - HB570/SB487

*KEY FINDINGS*

COMMISSION MEETING JANUARY 16, 2025



# Introduction

## Context:

- Requested by Maryland House Health and Government Operations Committee.
- Study motivated by legislative session discussions of HB 570/SB 487 (2024).
- Proposed HMO payment reform for non-participating providers.

## Scope:

- Impact of payment methodologies for HMOs and PPOs.
- Federal NSA effects on provider rates.
- Trends in contract terminations and network adequacy.

## Methodology:

- Comprehensive analysis of Maryland Medical Care Database (MCDB) data spanning 2019-2024.
- Assessment of outcome from the Independent Dispute Resolution (IDR) process.
- Survey insights on provider contract termination trends and patterns.



# Background

## HMO

Restricts to in-network providers except for:

- Emergencies
- No suitable in-network provider
- Highly specialized conditions

## PPO

Offers defined OON benefits with:

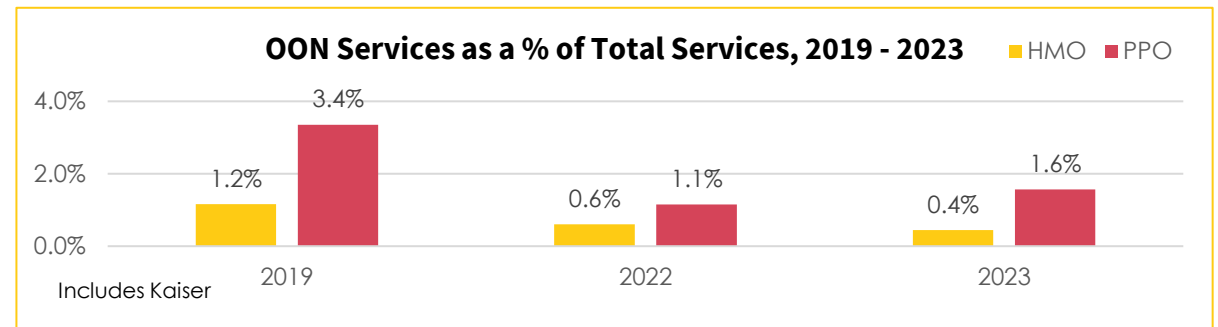
- Routine access to non-participating providers
- Regulated reimbursement for certain services

### Overall OON Claims

- Highest OON distributions are Emergency/Radiology for HMOs. Primary Care for PPOs.
- As of the total Emergency Department leads for both HMOs (4.9%) and PPOs (4.5%), followed closely by Pathology.
- Kaiser shows extremely low OON utilization (0.01-0.05%) across all specialties
- HMO: 0.6% of total claims (↓ from 1.2% in 2019)
- PPO: 1.6% of total claims (↓ from 3.4% in 2019)

Specialties	Distribution of OON*		OON as a % of Total*	
	Hospital & Non-Hospital		Hospital & Non-Hospital	
	HMO	PPO	HMO	PPO
Primary Care	5.7%	44.7%	0.1%	1.3%
Medical Specialists	18.9%	20.3%	1.0%	2.5%
Surgical Specialists	4.9%	13.5%	0.2%	1.5%
Emergency Department	29.4%	10.8%	4.9%	4.5%
Critical Care	1.0%	0.5%	1.9%	2.1%
Neonatology	0.4%	0.2%	2.2%	3.0%
Radiology	29.1%	6.6%	1.4%	0.9%
Pathology	10.7%	3.5%	4.0%	3.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.6%</b>	<b>1.6%</b>

\*E&M and Non-E&M claims for 2023





# Key Findings

- ▶ **Hospital-Based Services: Largest Overall Increases at 2<sup>nd</sup> Quarter, 2024 (HMO Law v. PPO Rules)**
  - Overall E&M services: \$178 → \$208 (+17%) across all specialties, showing moderate growth
  - Emergency medicine shows big shifts in both categories:
    - E&M services: \$191 → \$247 (+29%)
    - Non-E&M services: \$68 → \$94 (+38%)
  - Medical specialists see highest percentage increase in non-E&M services: \$76 → \$152 (+100%)
  - Hospital-based surgical specialists (non-E&M) face steepest dollar increase: \$465 → \$754 (+62%), representing the largest absolute change
- ▶ **Non-Hospital Services: Mixed Impact at 2<sup>nd</sup> Quarter, 2024 (HMO Law v. PPO Rules)**
  - E&M services show most dramatic percentage rise: \$52 → \$120 (+131%)
  - Non-E&M services face substantial reduction: \$295 → \$104 (-65%), representing the only major decrease



# Key Findings

## No Surprises Act (NSA)

- Maryland balance billing laws remain primary authority
- Fills gaps by covering self-insured ERISA plans
- Superseded by Maryland's All-Payer Model rates where applicable
- Provider success in payment disputes (IDR results):
  - General disputes: 59.4% provider win rate
  - Air ambulance disputes: 84.8% provider win rate

## Network Contract Terminations (2019-2024)

- Total terminations: 15,627 contracts
- Provider-initiated: 95.4% of all terminations
- Highest termination rates:
  - Behavioral health: 23.5% of non-Kaiser terminations
  - Internal Medicine: 7.2% of non-Kaiser terminations
- Kaiser impact: 71.6% of all terminations (2021-2023)

## Key Implications

- Higher reimbursements for hospital-based services
- Decreased payments for some non-hospital services
- Risk of provider network departures due to higher OON rates
- Network adequacy concerns, especially in behavioral health



# Next Steps

- ▶ **Next Steps**
- Request Commissioners approval of the report
- Finalize report for the legislation request