



Study on Provider Payments and Network Participation - HB570/SB487

COMMISSION MEETING DECEMBER 19, 2024

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Introduction

- ▶ **Study on Provider Payments and Network Participation - HB570/SB487**
 - Requested by Maryland House Health and Government Operations Committee
 - Analysis of payment methodologies for nonparticipating providers in HMO and PPO plans
 - Focus on HB 570/SB 487 proposed changes to payment calculations
 - Study period: 2019 through Q2 2024



Background And Context

- ▶ **HMO Payments (Health-General Article, § [19-710.1](#))**
 - Greater of 125% of current in-network rate OR Rate as of Jan 1, 2000
 - No annual adjustments
 - Balance billing prohibited for covered services
- ▶ **PPO Payments (Insurance Article § [14-205.2](#))**
 - Greater of 140% of average rate paid in previous year OR Rate from Jan 1, 2010 adjusted by MEI
 - Annual adjustments using Medicare Economic Index (MEI)
 - Balance billing prohibited for hospital-based/on-call physicians
- ▶ **Some practitioners argue that PPO rules are more favorable**



Rate Comparison - Key Findings

▶ Proposed Changes Under HB 570/SB 487

- For E&M services: Greater of:
 - 125% of 2019 rate adjusted for inflation
 - 140% of 2008 Medicare rate adjusted for inflation
- For non-E&M services:
 - 125% of 2019 rate adjusted for inflation
- Data analyzed across provider types, specialties, and payer groups



Hospital-Based E&M Services Analysis

		Table 1: HMO E&M										
		Proposed (PPO Rules)				Current (HMO Law)				Proposed Over Current		
Hospital Only Specialties		Payer 1	Payer 2	Payer 3	Total	Payer 1	Payer 2	Payer 3	Total	Payer 1	Payer 2	Payer 3
Medical Specialists		\$153	\$128	\$146	\$131	\$109		\$136	\$136	higher		higher
Surgical Specialists		\$123	\$123	\$139	\$124	\$44		\$132	\$132	higher		higher
emergency room		\$458	\$226	\$338	\$247	\$168	\$185	\$194	\$191	higher	higher	higher
critical care		\$365	\$311	\$313	\$316	\$132	\$129	\$340	\$333	higher	higher	lower
neonatology		\$549	\$378	\$311	\$377	\$424		\$156	\$188	higher		higher
radiology			\$117	\$76	\$114			\$112	\$112			lower
pathology			\$136		\$136							
Total		\$314	\$195	\$262	\$208	\$168	\$137	\$179	\$178	higher	higher	higher

- Emergency medicine rates increase significantly (Payer 1: \$168 → \$458)
- Critical care shows mixed impact
- Neonatology rates increase for most payers
- Most specialties see higher rates under proposed methodology



Hospital-Based Non-E&M Services Analysis

		Table 2: HMO NonE&M										
		Proposed (PPO Rules)				Current (HMO Law)				Proposed Over Current		
		Payer 1	Payer 2	Payer 3	Total	Payer 1	Payer 2	Payer 3	Total	Payer 1	Payer 2	Payer 3
Medical Specialists		\$146	\$154	\$141	\$152	\$10	\$9	\$78	\$76	higher	higher	higher
Surgical Specialists		\$854	\$749	\$736	\$754	\$552		\$464	\$465	higher		higher
emergency room		\$139	\$87	\$104	\$94	\$52		\$70	\$68	higher		higher
critical care		\$55	\$106	\$107	\$102		\$160	\$127	\$129		lower	lower
neonatology			\$101	\$172	\$106			\$86	\$86			higher
radiology		\$76	\$73	\$96	\$76	\$46	\$72	\$75	\$74	higher	higher	higher
pathology		\$85	\$63	\$69	\$65	\$33		\$59	\$56	higher		higher
Total		\$177	\$166	\$166	\$166	\$40	\$64	\$84	\$82	higher	higher	higher

- Medical specialists see substantial increases (Payer 1: \$10 → \$146)
- Surgical specialists show significant increases (Payer 1: \$552 → \$854)
- Critical care services show lower rates under proposed rules
- Overall trend shows higher payments across most specialties



Non-Hospital Based E&M Services Analysis

		Table 3: HMO E&M										
		Proposed (PPO Rules)				Current (HMO Law)				Proposed Over Current		
		Payer 1	Payer 2	Payer 3	Total	Payer 1	Payer 2	Payer 3	Total	Payer 1	Payer 2	Payer 3
Primary Care		\$124	\$122	\$105	\$121	\$121	\$119	\$39	\$47	higher	higher	higher
Medical Specialists		\$132	\$118	\$113	\$119	\$82	\$81	\$104	\$102	higher	higher	higher
Surgical Specialists		\$137	\$113	\$124	\$115	\$146	\$103	\$70	\$77	lower	higher	higher
emergency room		\$126	\$125	\$150	\$128	\$186		\$63	\$101	lower		higher
critical care		\$139	\$122	\$127	\$124			\$543	\$543			lower
neonatology												
radiology		\$130	\$92	\$98	\$95			\$59	\$59			higher
pathology												
Total		\$125	\$121	\$108	\$120	\$126	\$110	\$44	\$52	lower	higher	higher

- Primary care rates increase across all payers
- Medical specialists see consistent increases
- Surgical specialists show mixed results
- Emergency medicine rates vary by payer



Non-Hospital Based Non-E&M Services Analysis

		Table 4: HMO NonE&M										
		Proposed (PPO Rules)				Current (HMO Law)				Proposed Over Current		
		Payer 1	Payer 2	Payer 3	Total	Payer 1	Payer 2	Payer 3	Total	Payer 1	Payer 2	Payer 3
Primary Care		\$44	\$50	\$65	\$50	\$91		\$53	\$55	lower		higher
Medical Specialists		\$193	\$176	\$193	\$178	\$79		\$486	\$482	higher		lower
Surgical Specialists		\$166	\$174	\$241	\$178	\$108	\$416	\$274	\$257	higher	lower	lower
emergency room		\$171	\$164	\$99	\$159	\$58		\$68	\$67	higher		higher
critical care		\$80	\$136	\$91	\$128			\$141	\$141			lower
neonatology												
radiology		\$361	\$394	\$555	\$397							
pathology		\$75	\$68	\$158	\$77	\$28		\$80	\$76	higher		higher
Total		\$98	\$103	\$122	\$104	\$82	\$416	\$304	\$295	higher	lower	lower

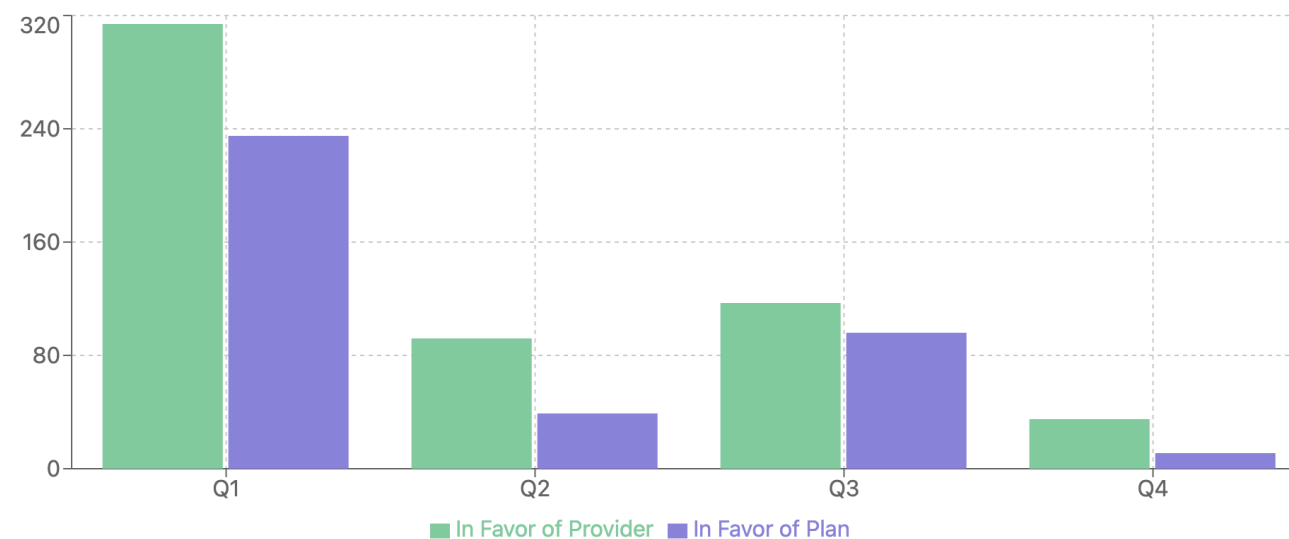
- Primary care rates decrease for some payers
- Medical specialists show variable impacts
- Surgical specialists' rates vary significantly
- Most complex impact pattern among all categories



No Surprises Act (NSA) Impact

- 59.4% of disputes resolved in favor of providers/facilities
- 84.8% of air ambulance disputes favor providers
- Geographic concentration in Baltimore-Columbia-Towson region (99.3%)

No Surprises Act Impact



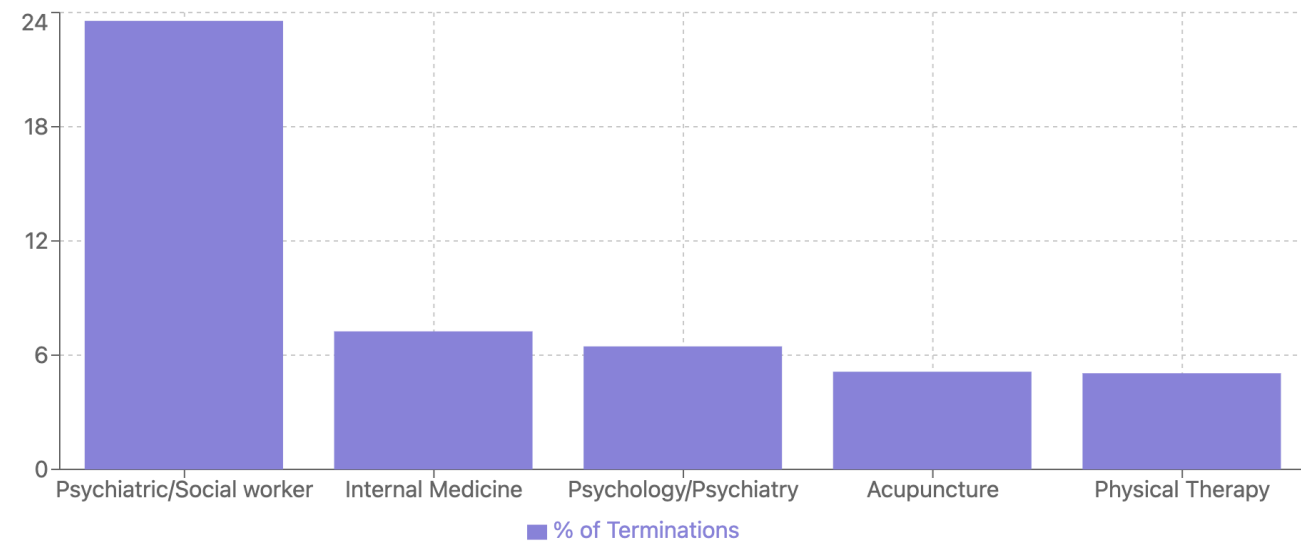
- 59.4% of disputes resolved in favor of providers
- Highest volume in Q1 2023
- Air ambulance disputes heavily favor providers (84.8%)



Provider Network Contract Terminations

- Total terminations: 15,627
- Provider-initiated: 14,910 (95.4%)
- Insurer-initiated: 717 (4.6%)
- Top specialties:
 - Psychiatric/Social worker/LPC: 23.5%
 - Internal Medicine: 7.2%
 - Psychiatry/Psychology: 6.5%
- Provider-initiated terminations thought linked to reimbursement

Provider Network Contract Terminations



Total Terminations: 15,627

Provider-initiated: 95.4% | Carrier-initiated: 4.6%



Next Steps

- ▶ **Next Steps**
 - Finalize report for the legislation request