

# SENATE BILL 107

C3

(71r0156)

## **ENROLLED BILL**

— *Finance/Health and Government Operations* —

Introduced by **The President (By Request - Administration) and Senators DeGrange, Garagiola, Hogan, Kasemeyer, Klausmeier, Middleton, Miller, Peters, ~~and Rosapepe~~ Rosapepe, Astle, Kelley, and Pugh**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Task Force on Health Care Access and Reimbursement**

3 FOR the purpose of establishing the Task Force on Health Care Access and  
4 Reimbursement; providing for the membership of the Task Force; authorizing  
5 the Task Force to consult with certain individuals and entities in performing  
6 the duties of the Task Force; requiring the Secretary of Health and Mental  
7 Hygiene to chair the Task Force and establish certain subcommittees; providing  
8 for the duties of the Task Force; requiring the Task Force to make certain  
9 recommendations; requiring the Department of Health and Mental Hygiene to

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics indicate opposite chamber / conference committee amendments.*



1 provide staff support to the Task Force; requiring the Task Force to make  
2 certain reports to the Governor and General Assembly on or before certain  
3 dates; providing that members of the Task Force are entitled to a certain  
4 reimbursement; providing for the termination of this Act; and generally relating  
5 to the Task Force on Health Care Access and Reimbursement.

6 BY adding to

7 Article – Health – General

8 Section 19–710.3

9 Annotated Code of Maryland

10 (2005 Replacement Volume and 2006 Supplement)

11 Preamble

12 WHEREAS, Maryland has a national reputation as a leader in health care; and

13 WHEREAS, It has always been a high priority of State government to  
14 implement policies to encourage affordable and quality health care for all  
15 Marylanders; and

16 WHEREAS, Maryland’s commitment to affordable quality health care is now  
17 threatened by growing numbers of uninsured and underinsured citizens and by  
18 shortages of physicians and other health care providers; and

19 WHEREAS, Some data suggests that Maryland ranks nationally in the lowest  
20 25th percentile for reimbursement payments to doctors and health care providers; and

21 WHEREAS, Other data suggests that Maryland is a high expense state for most  
22 medical practices expenses; and

23 WHEREAS, There has been a significant increase in uncompensated and  
24 undercompensated care provided by physicians and other health care providers; and

25 WHEREAS, Providing physicians and other health care providers with  
26 reasonable and fair reimbursement compared with other states would be a catalyst for  
27 preventing the present decline in health care in Maryland; and

28 WHEREAS, It is important to have a State–sanctioned study of physician and  
29 health care provider reimbursement to avoid antitrust issues; and

30 WHEREAS, A study focused on provider reimbursement trends in Maryland  
31 will coordinate with the collaborative work currently underway by a number of health

1 care providers, regulators, and academic institution stakeholders to analyze the trends  
2 in the supply and future demand for health care providers; and

3 WHEREAS, These efforts will enable public policy makers to understand the  
4 complete Maryland environment and develop the comprehensive solutions needed to  
5 ensure that the citizens of Maryland have adequate access to quality health care  
6 services; now, therefore,

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
8 MARYLAND, That the Laws of Maryland read as follows:

9 **Article - Health - General**

10 **19-710.3.**

11 (A) THERE IS A TASK FORCE ON HEALTH CARE ACCESS AND  
12 REIMBURSEMENT.

13 (B) THE TASK FORCE CONSISTS OF THE FOLLOWING MEMBERS:

14 (1) TWO MEMBERS OF THE HOUSE OF DELEGATES, APPOINTED  
15 BY THE SPEAKER OF THE HOUSE;

16 (2) TWO MEMBERS OF THE SENATE OF MARYLAND, APPOINTED  
17 BY THE PRESIDENT OF THE SENATE;

18 (3) THE SECRETARY OF HEALTH AND MENTAL HYGIENE;

19 (4) THE ATTORNEY GENERAL, OR THE ATTORNEY GENERAL'S  
20 DESIGNEE;

21 (5) THE INSURANCE COMMISSIONER, OR THE INSURANCE  
22 COMMISSIONER'S DESIGNEE; ~~AND~~

23 (6) THE SECRETARY OF BUDGET AND MANAGEMENT, OR THE  
24 SECRETARY'S DESIGNEE; AND

25 ~~(6)~~ (7) SIX INDIVIDUALS APPOINTED BY THE GOVERNOR.

1           (C)    **IN PERFORMING ITS DUTIES, THE TASK FORCE MAY CONSULT WITH**  
2 **INDIVIDUALS AND ENTITIES THAT THE SECRETARY OF HEALTH AND MENTAL**  
3 **HYGIENE DEEMS APPROPRIATE.**

4           (D)    **(1)    THE SECRETARY OF HEALTH AND MENTAL HYGIENE SHALL:**

5                    **(I)    CHAIR THE TASK FORCE;**

6                    **(II)   ESTABLISH        SUBCOMMITTEES        AND        APPOINT**  
7 **SUBCOMMITTEE CHAIRS AS NECESSARY TO FACILITATE THE WORK OF THE TASK**  
8 **FORCE; AND**

9                    **(III)   PROVIDE STAFF SUPPORT FOR THE TASK FORCE FROM**  
10 **THE DEPARTMENT.**

11                   **(2)    TO THE EXTENT PRACTICABLE, THE MEMBERS APPOINTED TO**  
12 **THE TASK FORCE SHALL REASONABLY REFLECT THE GEOGRAPHIC, RACIAL,**  
13 **ETHNIC, CULTURAL, AND GENDER DIVERSITY OF ~~THE~~ THE STATE.**

14                   **(3)    IN PERFORMING ~~IF~~ ITS DUTIES, THE TASK FORCE SHALL**  
15 **INVITE ALL INTERESTED GROUPS, INCLUDING PHYSICIAN GROUPS, HEALTH**  
16 **CARE PROVIDER SPECIALTY GROUPS, EMPLOYERS, AND HEALTH INSURANCE**  
17 **CARRIERS, TO PRESENT TESTIMONY OR OTHER INFORMATION TO THE TASK**  
18 **FORCE CONCERNING:**

19                    **(I)    THE ISSUES TO BE STUDIED BY THE TASK FORCE;**

20                    **(II)   DATA ON THE REIMBURSEMENTS PAID TO PHYSICIANS**  
21 **AND OTHER HEALTH CARE PROVIDERS BY HEALTH INSURANCE CARRIERS;**

22                    **(III)   TRENDS RELATING TO REIMBURSEMENT RATES AND**  
23 **TOTAL PAYMENTS ~~PAID~~ TO PHYSICIANS AND OTHER HEALTH CARE PROVIDERS**  
24 **BY HEALTH INSURANCE CARRIERS ~~AND HEALTH BENEFIT PLANS~~; AND**

25                    **(IV)   DATA AND TRENDS IN PHYSICIAN AND OTHER HEALTH**  
26 **CARE PROVIDER WORKFORCE SUPPLY AND FUTURE DEMAND.**

27           (E)    **THE TASK FORCE SHALL EXAMINE:**

1           (1) REIMBURSEMENT RATES AND TOTAL PAYMENTS ~~PAID~~ TO  
2 ~~MARYLAND~~ PHYSICIANS AND OTHER HEALTH CARE PROVIDERS BY SPECIALTY  
3 AND GEOGRAPHIC AREA AND TRENDS IN SUCH REIMBURSEMENT RATES AND  
4 TOTAL PAYMENTS, INCLUDING A COMPARISON OF REIMBURSEMENT RATES,  
5 TOTAL PAYMENTS, AND TRENDS IN OTHER STATES;

6           (2) THE IMPACT OF CHANGES IN REIMBURSEMENTS ON ACCESS  
7 TO HEALTH CARE AND ON HEALTH CARE DISPARITIES, VOLUME OF SERVICES,  
8 AND QUALITY OF CARE;

9           (3) THE EFFECT OF COMPETITION ON PAYMENTS TO PHYSICIANS  
10 AND OTHER HEALTH CARE PROVIDERS;

11           (4) THE TRENDS FOR PHYSICIAN AND OTHER HEALTH CARE  
12 PROVIDER SHORTAGES BY SPECIALTY AND GEOGRAPHIC AREA AND ANY IMPACT  
13 ON HEALTH CARE ACCESS AND QUALITY CAUSED BY SUCH SHORTAGES,  
14 INCLUDING ~~EMERGENCY DEPARTMENT~~ EMERGENCY DEPARTMENT  
15 OVERCROWDING;

16           (5) THE AMOUNT OF UNCOMPENSATED CARE BEING PROVIDED  
17 BY PHYSICIANS AND OTHER HEALTH CARE PROVIDERS AND THE TRENDS IN  
18 UNCOMPENSATED CARE IN MARYLAND AND IN OTHER STATES;

19           (6) THE EXTENT TO WHICH CURRENT REIMBURSEMENT METHODS  
20 RECOGNIZE AND REWARD HIGHER QUALITY OF CARE; ~~AND~~

21           (7) METHODS USED BY LARGE PURCHASERS OF HEALTH CARE TO  
22 EVALUATE ADEQUACY AND COST OF PROVIDER NETWORKS ; AND

23           (8) (I) THE PRACTICE BY CERTAIN HEALTH INSURANCE  
24 CARRIERS OF REQUIRING HEALTH CARE PROVIDERS WHO JOIN A PROVIDER  
25 NETWORK OF A CARRIER TO ALSO SERVE ON A PROVIDER NETWORK OF A  
26 DIFFERENT CARRIER; AND

27                           (II) THE EFFECT OF THE PRACTICE DESCRIBED IN ITEM (I)  
28 OF THIS ITEM ON HEALTH CARE PROVIDER PAYMENTS AND WILLINGNESS TO  
29 SERVE ON PROVIDER NETWORKS OF HEALTH INSURANCE CARRIERS.

30           (F) THE TASK FORCE SHALL DEVELOP RECOMMENDATIONS  
31 REGARDING:

1           (1) SPECIFIC OPTIONS THAT ARE AVAILABLE, GIVEN  
2 LIMITATIONS OF THE FEDERAL ERISA LAW, TO CHANGE PHYSICIAN AND OTHER  
3 HEALTH CARE PROVIDER REIMBURSEMENTS, IF NEEDED;

4           (2) THE SUFFICIENCY OF PRESENT STATUTORY FORMULAS FOR  
5 THE REIMBURSEMENT OF NONCONTRACTING PHYSICIANS AND OTHER HEALTH  
6 CARE PROVIDERS BY HEALTH MAINTENANCE ORGANIZATIONS;

7           (3) WHETHER THE MARYLAND INSURANCE ADMINISTRATION  
8 AND THE ATTORNEY GENERAL CURRENTLY HAVE SUFFICIENT AUTHORITY TO  
9 REGULATE RATE SETTING AND MARKET-RELATED PRACTICES ~~BY INSURANCE~~  
10 ~~COMPANIES~~ OF HEALTH INSURANCE CARRIERS THAT MAY HAVE THE EFFECT OF  
11 UNREASONABLY REDUCING REIMBURSEMENTS;

12           (4) WHETHER THERE IS A NEED TO ENHANCE THE ABILITY OF  
13 PHYSICIANS AND OTHER HEALTH CARE PROVIDERS TO NEGOTIATE  
14 REIMBURSEMENT RATES WITH ~~PRIVATE HEALTH PLANS~~ HEALTH INSURANCE  
15 CARRIERS, WITHOUT UNDULY IMPAIRING THE ABILITY OF THE ~~PLANS~~ CARRIERS  
16 TO APPROPRIATELY MANAGE THEIR ~~PHYSICIAN~~ PROVIDER NETWORKS;

17           (5) WHETHER THERE IS A NEED TO ESTABLISH A RATE-SETTING  
18 SYSTEM FOR PHYSICIANS AND OTHER HEALTH CARE PROVIDERS SIMILAR TO  
19 THE SYSTEM ESTABLISHED TO SET HOSPITAL RATES IN MARYLAND; ~~AND~~

20           (6) THE ADVISABILITY OF THE USE OF PAYMENT METHODS  
21 LINKED TO QUALITY OF CARE OR OUTCOMES; AND

22           (7) THE NEED TO PROHIBIT A HEALTH INSURANCE CARRIER FROM  
23 REQUIRING HEALTH CARE PROVIDERS WHO JOIN A PROVIDER NETWORK OF THE  
24 CARRIER TO ALSO SERVE ON A PROVIDER NETWORK OF A DIFFERENT CARRIER.

25           (G) (1) THE TASK FORCE SHALL REPORT ITS FINDINGS AND  
26 RECOMMENDATIONS TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE  
27 STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY, ON OR BEFORE  
28 DECEMBER 31, 2007.

29           (2) IF THE TASK FORCE DETERMINES IT WILL NOT COMPLETE ITS  
30 WORK BY DECEMBER 31, 2007, THE TASK FORCE SHALL, IN THE SAME MANNER  
31 AS PROVIDED IN PARAGRAPH (1) OF THIS SUBSECTION:

1 (I) SUBMIT AN INTERIM REPORT OF ITS FINDINGS AND  
2 RECOMMENDATIONS ON OR BEFORE DECEMBER 1, 2007; AND

3 (II) SUBMIT A FINAL REPORT OF ITS FINDINGS AND  
4 RECOMMENDATIONS ON OR BEFORE ~~JULY 1~~, JUNE 30, 2008.

5 (3) NOTWITHSTANDING PARAGRAPH (2) OF THIS SUBSECTION,  
6 THE TASK FORCE SHALL SUBMIT ITS FINDINGS AND RECOMMENDATIONS  
7 RELATING TO SUBSECTION (F)(7) OF THIS SECTION ON OR BEFORE DECEMBER  
8 31, 2007.

9 (H) A MEMBER OF THE TASK FORCE MAY NOT RECEIVE COMPENSATION  
10 AS A MEMBER OF THE TASK FORCE BUT IS ENTITLED TO REIMBURSEMENT FOR  
11 EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED  
12 IN THE STATE BUDGET.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 July 1, 2007. It shall remain effective for a period of 1 year and, at the end of ~~July 1~~  
15 June 30, 2008, with no further action required by the General Assembly, this Act shall  
16 be abrogated and of no further force and effect.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.