

MedChi

The Maryland State Medical Society

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TO: The Honorable John A. Hurson, Chairman
Members of the House Health & Government Operations Committee
The Honorable John C. Astle

FROM: Joseph A. Schwartz, III
Pamela Metz Kasemeyer
J. Steven Wise

DATE: March 24, 2005

RE: **SUPPORT** – Senate Bill 300 – *Reimbursement of Health Care Providers – Sunset Repeal*

The Maryland State Medical Society (MedChi) which represents over 7,200 Maryland physicians and their patients supports Senate Bill 300.

Senate Bill 300 removes the termination provisions of two separate but related Maryland laws governing payment protocols of HMOs. Both of these laws expire on June 30, 2005.

The first law which was effective October 1, 2000 provided that an HMO must pay a non-contracting physician the greater of 125% of the rate the HMO pays in the same geographic area for the same service to a contracted physician or the rate that the HMO was paying on January 1, 2000 for that service.

The second law which was effective in 2001 provides for HMO payment of non-contracting trauma physicians and this formula is indexed to Medicare rates.

Both of these laws replaced prior formulas which were widely abused by the HMO industry. The previous formulas allowed HMOs to pay non-contracting physicians amounts which were much reduced from normal market rates and physicians had little choice but to accept the tendered amounts. MedChi believes that both laws have imposed regularity and uniformity on the amounts paid to non-contracting physicians by HMOs. Moreover, MedChi is not aware of any complaints by the HMO industry concerning these laws and would respectfully submit that Senate Bill 300 should be enacted.

For more information call:

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