

Craig P. Tanio, M.D.
CHAIR

STATE OF MARYLAND



Ben Steffen
EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

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The Hon. Peter A. Hammen
Chair, Health and Government Operations Committee
H-101 State House
Annapolis, MD 21401-1991

The Hon. Thomas M. Middleton
Chair, Senate Finance Committee
H-107 State House
Annapolis, MD 21401-1991

**RE: Chapter 425 and Chapter 426 of 2011- Health Insurance- Ambulance Service
Providers- Direct Reimbursement**

Dear Chairman Middleton and Chairman Hammen:

This letter is in response to requirements in Chapter 425 and Chapter 426 of 2011- Health Insurance – Ambulance Service Providers – Direct Reimbursement that directs the Maryland Health Care Commission (MHCC) to report to the Senate Finance and House Health and Government Operations Committees on certain reimbursement and utilization information on both in and out-of network and out-of-network ambulance companies for 2011 through 2013.

The legislation was enacted in response to concerns by public emergency medical services (EMS) ambulance providers that did not hold preferred provider contracts with Maryland carriers. House Bill 83 (Chapter 426) / Senate Bill 154 (Chapter 425) - Health Insurance – Ambulance Service Providers – Direct Reimbursement applies to fully insured individual or group policies or contracts issued or delivered in Maryland by a carrier (health maintenance organizations, insurers and nonprofit health service plans). The law directs carriers to honor an assignment of benefits by an insured to an out-of-network ambulance service provider by directly reimbursing the ambulance provider for the service rendered to the subscriber or the subscriber's dependent. The law further requires a carrier to reimburse an out-of-network ambulance service provider that accepts assignment an allowed amount that is equal to or greater than the allowed amount paid to an in-network ambulance service provider for the same service in the same geographic region. The law limits an ambulance provider that accepts assignment from balance billing a patient. The provider is permitted to direct bill the patient for any copayment, deductible, or coinsurance amounts owed.

The law directs the MHCC to report to the Senate Finance and House Health and Government Operations Committees: the number of claims received; the number of claims paid;

and the amount of claims paid by in-network and out-of-network ambulance companies for 2011 through 2013.

The MHCC examined claims submitted to the Maryland Medical Care Data Base for 2011 through 2013. Table 1 summarizes the findings. MHCC found that total payments to ambulance providers for services to patients incurred under individual or group policies issued or delivered in Maryland grew by 23 percent from 2011 to 2013. Payments to out-of-network (OON) providers increased by 29 percent, while payments to in-network providers increased by 17 percent. The more rapid growth in OON payments meant that by 2013 payments to OON ambulance providers represented about 50 percent of total payments, up from 47 percent in 2011.

The growth in the number of OON ambulance claims showed an even more dramatic jump. Although the total number of ambulance visits was essentially stable, the OON ambulance visits surged by 39 percent between 2011 and 2013. In-network claims dropped by 22 percent. By 2013, OON claims constituted about 47% of all ambulance visits, up from about a 33 percent share in 2011.

Table 1

Network Participation Status	Total Payments for Ground Ambulance Services					
	2011		2012		2013	
	Payments	Distribution	Payments	Distribution	Payments	Distribution
In-Network	\$2,331,943	52.3%	\$2,481,055	52.1%	\$2,727,234	49.9%
Out-of-Network/ Not-Coded	\$2,124,623	47.7%	\$2,281,625	47.9%	\$2,741,734	50.1%
Total	\$4,456,566	100.0%	\$4,762,680	100.0%	\$5,468,968	100.0%
Network Participation Status	Total Claims / Events for Ground Ambulance Services					
	2011		2012		2013	
	Claims	Distribution	Claims	Distribution	Claims	Distribution
In-Network	7,533	66.9%	7,646	64.9%	5,864	52.9%
Out-of-Network/ Not-Coded	3,734	33.1%	4,131	35.1%	5,217	47.1%
Total	11,267	100.0%	11,777	100.0%	11,081	100.0%

Source: MHCC analysis of the 2011-2013 Medical Care Data Base

MHCC concludes that the 2011 legislation had beneficial impacts on the public EMS providers that the law aimed to protect. The law provided a defined level of reimbursement to the public organizations that lacked capabilities to negotiate preferred provider contracts with HMOs and health care insurers.

If you have further questions, please feel free to contact me at 410-764-3565.

Sincerely,



Ben Steffen
Executive Director

CC: The Honorable Thomas V. Mike Miller, President of the Senate
The Honorable Michael E. Busch, Speaker of the House
Van T. Mitchell, Secretary Department of Health and Mental Hygiene
Sarah Albert, Department of Legislative Services (5)
Linda Stahr, Department of Legislative Services
Patrick Carlson, Department of Legislative Services