

Department of Legislative Services
 Maryland General Assembly
 2015 Session

FISCAL AND POLICY NOTE

House Bill 683 (Delegate Reznik, *et al.*)
 Health and Government Operations

Health Occupations - Magnetic Resonance Imaging Services and Computed Tomography Scan Services - Patient Referrals

This bill exempts health care practitioners who refer patients for magnetic resonance imaging (MRI) services or computed tomography (CT) scan services from the general prohibition against self-referrals by health care practitioners, under specified circumstances. Health care entities that are referred such patients must notify the Maryland Health Care Commission (MHCC) of the referrals. The bill also requires MHCC to conduct a study with specified methodology on the provision of MRI and CT scan services by health care entities that provide the required notice. MHCC must submit a report to the General Assembly by October 1, 2018.

Fiscal Summary

State Effect: Special fund expenditures increase by \$25,000 in fiscal 2018 for MHCC to hire a contractor to prepare the required study. Revenues are not affected.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	0	0	25,000	0	0
Net Effect	\$0	\$0	(\$25,000)	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: A health care practitioner may refer, or direct an employee of or person under contract with the health care practitioner to refer, a patient to a health care entity for MRI or CT scan services if the service is (1) personally furnished by an individual who is employed and directly supervised by the referring health care practitioner or a health care practitioner in the same group practice as the referring health care practitioner; (2) provided in the same building where the referring health care practitioner or a health care practitioner in the same group practice as the referring health care practitioner furnishes services; and (3) billed by the group practice of which the health care practitioner performing or supervising the services is a member.

Additionally, beginning January 1, 2016, the health care entity to which the patient is referred must also be accredited by specified institutions to provide MRI or CT scan services.

Health care practitioners who make such referrals must include, in the written statement required for lawful referrals, specified information for at least five other health care entities within 25 miles of the practitioner's office that are capable of providing the referred services; if there are fewer than five such entities, the health care practitioner must provide the specified information for all entities located within 25 miles of the practitioner's office.

Health care entities that are referred such patients must (1) maintain the required accreditation; (2) provide services according to accrediting standards; (3) maintain and make available evidence of accreditation upon request by the Department of Health and Mental Hygiene; and (4) notify MHCC of the patient referrals within 30 days after the first referral.

MHCC must conduct a study of MRI and CT scan services provided by health care entities that provide the required notice; MHCC must compare the use rate of MRI and CT scan services provided by the health care entities during calendar year 2014 and during the portions of calendar years 2016 and 2017 that the health care entities were referred patients under the bill's provisions.

Current Law/Background: Under the Health Occupations Article, a health care practitioner may not refer a patient, or direct an employee or a person under contract with the health care practitioner to refer a patient, to a health care entity (1) in which the health care practitioner or the practitioner in combination with the practitioner's immediate family owns a beneficial interest; (2) in which the practitioner's immediate family owns a beneficial interest of 3% or greater; or (3) with which the health care practitioner, the practitioner's immediate family, or the practitioner in combination with the practitioner's immediate family has a compensation arrangement.

However, this prohibition does not apply to a health care practitioner who refers in-office ancillary services or tests that are (1) personally furnished by the referring health care practitioner, a health care practitioner in the same group practice as the referring health care practitioner, or an individual who is employed and personally supervised by the qualified referring health care practitioner or a health care practitioner in the same group practice as the referring health care practitioner; (2) provided in the same building where the referring health care practitioner or a health care practitioner in the same group practice as the referring health care practitioner furnishes services; and (3) billed by the health care practitioner performing or supervising the services or a group practice of which the health care practitioner performing or supervising the services is a member.

“In-office ancillary services” is defined as those basic health care services and tests routinely performed in the office of one or more health care practitioners; except for a radiologist group practice or an office consisting solely of one or more radiologists, in-office ancillary services do not include MRI services, radiation therapy services, or CT scan services.

Under the Insurance Article, each individual or group health insurance policy issued in the State by an entity must include a provision that excludes payment of any claim, bill, or other demand or request for payment for health care services that the appropriate regulatory board determines were provided as a result of a prohibited referral. An entity may seek repayment from a health care practitioner for any money paid for a claim, bill, or other demand or request for payment for health care services that were provided as a result of a prohibited referral. Additionally, an entity may seek a refund of a payment made for a claim, bill, or other demand or request for payment that is subsequently determined to be for a health care service provided as a result of a prohibited referral.

In a 2004 opinion, the Office of the Attorney General stated that the health care practitioner self-referral prohibition barred physicians in an orthopedic practice group or other non-radiology medical practice group from referring patients for tests on an MRI machine or CT scanner owned by that practice, regardless of whether the services were performed by a radiologist employee, a member of the practice, or an independent radiology group.

State Expenditures: MHCC advises that special fund expenditures increase by \$25,000 in fiscal 2018 for MHCC to hire a contractor to prepare the bill’s required study for submission by October 1, 2018.

Small Business Effect: The bill may benefit small business health care practices that provide MRI and CT scan services since the bill exempts these businesses from current self-referral prohibitions under certain circumstances. The insurance industry may also be affected, since the bill adds another category of services that are exempt from the current self-referral prohibition and, therefore, would not be excluded under insurance policies.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Office of the Attorney General, Department of Legislative Services

Fiscal Note History: First Reader - March 12, 2015
md/jc

Analysis by: Sasika Subramaniam

Direct Inquiries to:
(410) 946-5510
(301) 970-5510