STATE OF MARYLAND
DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Irvin W. Kues
Chairman

Kevin J. Sexton
Vice Chairman

Joseph R. Antos, Ph.D.
Raymond J. Brusca, J.D.
Michael J. Eusebio
Trudy R. Hall, M.D.
William H. Munn

HEALTH SERVICES COST REVIEW COMMISSION
4160 PATTERSON AVENUE · BALTIMORE, MARYLAND 21215
AREA CODE 410-764-2605
FAX 410-358-6217
Toll Free 888-287-3229
Web Site: http://www.hscrc.state.md.us/

Robert Murray
Executive Director

Stephen Ports
Principal Deputy Director
Policy & Operations

Gerard J. Schmith
Deputy Director
Hospital Rate Setting

Patrick Redmon
Deputy Director
Research and Methodology

To: To Whom It May Concern:

From: Dennis N. Phelps - Associate Director
Audit & Compliance

Date: September 15, 2006

Re: Jurisdiction of the Health Services Cost Review Commission

---

Under Maryland law, Health-General Article §19-219, Maryland hospitals are permitted to charge rates for the provision of hospital services only as approved by the Health Services Cost Review Commission. A Maryland hospital may not provide a discount from those approved rates without the prior approval of the Commission.

Out-of-state hospitals are not subject to the Commission's rate setting jurisdiction. Those insurers, non-profit health service plans, and fraternal benefit society, and managed care organizations that pay for the provision of hospital services, however, whether they are in-state or out-of-state, are required, under §15-604 of the Maryland Insurance Articale, to pay Maryland hospitals on the basis of rates approved by the Commission.

the Department under subsection (a) of this section, the insurer or nonprofit health service plan has paid the benefits available under the health insurance policy or contract in good faith and in accordance with the terms and conditions of the policy or contract.

(c) *Claims for reimbursement.* — Notwithstanding any other provision of a health insurance policy, contract, or certificate, an insurer or nonprofit health service plan may not refuse to reimburse the Department of Health and Mental Hygiene because of the manner, form, or date of a claim for reimbursement if, within 2 years after the date of the service for which reimbursement is sought, the Department provides to the insurer or nonprofit health service plan sufficient information to determine the liability of the insurer or nonprofit health service plan. (An. Code 1957, art. 48A, §§ 354U, 470N, 477U; 1997, ch. 35, § 2.)

§ 15-604. Rates for payments to hospitals.

Each authorized insurer, nonprofit health service plan, and fraternal benefit society, and each managed care organization that is authorized to receive Medicaid prepaid capitation payments under Title 15, Subtitle 1 of the Health-General Article, shall pay hospitals for hospital services rendered on the basis of the rate approved by the Health Services Cost Review Commission. (An. Code 1957, art. 48A, § 490S; 1997, ch. 35, § 2.)

§ 15-605. Rates for health benefit plans.

(a) *Annual report required.* — (1) On or before March 1 of each year, an annual report that meets the specifications of paragraph (2) of this subsection shall be submitted to the Commissioner by:

(i) each authorized insurer that provides health insurance in the State;

(ii) each nonprofit health service plan that is authorized by the Commissioner to operate in the State;

(iii) each health maintenance organization that is authorized by the Commissioner to operate in the State; and

(iv) as applicable in accordance with regulations adopted by the Commissioner, each managed care organization that is authorized to receive Medicaid prepaid capitation payments under Title 15, Subtitle 1 of the Health-General Article.

(2) The annual report required under this subsection shall:

(i) be submitted in a form required by the Commissioner; and

(ii) include for the preceding calendar year the following data for all health benefit plans specific to the State:

1. premiums written;
2. premiums earned;
3. total amount of incurred claims including reserves for claims incurred but not reported at the end of the previous year;
4. total amount of incurred expenses, including commissions, acquisition costs, general expenses, taxes, licenses, and fees, estimated if necessary;
5. loss ratio; and
6. expense ratio.