

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 56

(Chair, Finance Committee)(By Request - Departmental -
Health and Mental Hygiene)

Finance

Health and Government Operations

**Health Insurance - Evaluation of Quality of Care and Performance of Health
Benefit Plans**

This departmental bill requires the Maryland Health Care Commission (MHCC) to comparatively evaluate the quality of care and performance of categories of health benefit plans, as determined by the commission, rather than just health maintenance organization (HMO) plans, and requires all carriers (health insurers, nonprofit health service plans, and HMOs) to provide quality of care and performance information for MHCC's annual comparative evaluation report.

The bill takes effect July 1, 2011.

Fiscal Summary

State Effect: The bill's changes can be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: The Department of Health and Mental Hygiene has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: "Health benefit plan" means a hospital or medical policy, contract, or certificate issued by a carrier. The purpose of the evaluation system is to assist carriers to

improve care by establishing a common set of quality and performance measurements and disseminating the findings to carriers and other interested parties.

The bill repeals the requirement that the annual evaluation include the Drug Formulary Accreditation Standards of the National Committee for Quality Assurance (NCQA) and indicate whether the formulary development process of each HMO complies with the standards. The bill also broadens the recommendations MHCC must consider in developing the system to include recommendations of nationally recognized organizations that are involved in quality of care and performance measurement.

Current Law: MHCC must comparatively evaluate the quality of care outcomes and performance measurements of HMO plans on an objective basis and annually publish the summary findings of the evaluation. Other health benefit plans are not required to submit data, although some do on a voluntary basis. MHCC also publishes comparative evaluations of nursing facilities, hospitals, and ambulatory surgical centers.

Background: Carriers currently provide quality of care and performance data for HMO and point of service (POS) plans. According to MHCC, carriers consider their HMO and POS plan operations to be so similar that they include information on their POS plans even though statute does not require it.

In recent years, additional health benefit plans such as preferred provider organizations (PPOs) and exclusive provider organizations (EPOs) have evolved, and enrollment in these plans has grown rapidly. According to MHCC, inclusion of data for all carriers is intended to increase the amount of information available to Maryland employers, employees, and individual purchasers who use the annual comparative evaluation tool to select their health benefit plans.

MHCC advises that the NCQA Drug Formulary Accreditation Standards are obsolete.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - January 21, 2011
mlm/mwc Revised - Senate Third Reader - March 22, 2011

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Health Insurance – Evaluation of Quality of Care and Performance of Health Benefit Plans

BILL NUMBER: SB 56

PREPARED BY: Department of Health and Mental Hygiene

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS