

HOUSE BILL 1001

C3

3lr1209
CF SB 585

By: **Delegates Hammen, Bobo, Costa, Cullison, Eckardt, Elliott, Feldman, Hubbard, Kach, Kipke, Morhaim, Pena-Melnyk, Rosenberg, Tarrant, and V. Turner**

Introduced and read first time: February 8, 2013

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Federal and State Mental Health and Addiction Parity**
3 **Laws – Report on Compliance**

4 FOR the purpose of requiring health maintenance organizations and carriers that
5 offer certain contracts, certificates, and policies to submit to the Maryland
6 Insurance Commissioner a report certifying and outlining how each contract,
7 certificate, and policy complies with the Mental Health Parity and Addiction
8 Equity Act and certain State mental health and addiction parity laws; requiring
9 the report to be submitted with a certain filing at certain times by a certain
10 person and to include certain information; providing that the report is a public
11 record; defining certain terms; and generally relating to reporting on compliance
12 with federal and State mental health and addiction parity laws under health
13 insurance.

14 BY repealing and reenacting, with amendments,
15 Article – Health – General
16 Section 19–703.1(a)
17 Annotated Code of Maryland
18 (2009 Replacement Volume and 2012 Supplement)

19 BY adding to
20 Article – Health – General
21 Section 19–703.1(f)
22 Annotated Code of Maryland
23 (2009 Replacement Volume and 2012 Supplement)

24 BY repealing and reenacting, with amendments,
25 Article – Insurance
26 Section 15–802(a)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2011 Replacement Volume and 2012 Supplement)

3 BY adding to
4 Article – Insurance
5 Section 15–802(h)
6 Annotated Code of Maryland
7 (2011 Replacement Volume and 2012 Supplement)

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
9 MARYLAND, That the Laws of Maryland read as follows:

10 **Article – Health – General**

11 19–703.1.

12 (a) (1) In this section the following terms have the meanings indicated.

13 **(2) “ACT” MEANS THE FEDERAL MENTAL HEALTH PARITY AND**
14 **ADDICTION EQUITY ACT AND ANY REGULATIONS ADOPTED UNDER THE ACT.**

15 **[(2)] (3)** “Alcohol abuse” has the meaning stated in § 8–101 of this
16 article.

17 **[(3)] (4)** “Drug abuse” has the meaning stated in § 8–101 of this
18 article.

19 **[(4)] (5)** “Health benefit plan” has the meaning stated in § 15–1401 of
20 the Insurance Article.

21 **[(5)] (6)** “Large employer” means an employer that has more than 50
22 employees and is not a small employer.

23 **[(6)] (7)** “Managed care system” means a method that a carrier uses
24 to review and preauthorize a treatment plan that a health care practitioner develops
25 for a covered person using a variety of cost containment methods to control utilization,
26 quality, and claims.

27 **[(7)] (8)** “Partial hospitalization” means the provision of medically
28 directed intensive or intermediate short–term treatment for mental illness, emotional
29 disorders, drug abuse or alcohol abuse for a period of less than 24 hours but more than
30 4 hours in a day for a member or subscriber in a licensed or certified facility or
31 program.

32 **(9) “PREDOMINANT” HAS THE MEANING STATED IN THE ACT.**

1 **[(8)] (10)** “Small employer” means an employer that:

2 (i) Employed an average of at least two, but not more than 50
3 employees on business days during the preceding calendar year; and

4 (ii) Employs at least two employees on the first day of the plan
5 year.

6 **(11) “SUBSTANTIALLY ALL” HAS THE MEANING STATED IN THE**
7 **ACT.**

8 **(F) (1) THIS SUBSECTION APPLIES TO A CONTRACT OR CERTIFICATE**
9 **ISSUED TO A MEMBER OR SUBSCRIBER BY A HEALTH MAINTENANCE**
10 **ORGANIZATION THAT:**

11 **(I) PROVIDES HEALTH BENEFITS AND SERVICES FOR**
12 **DISEASES; AND**

13 **(II) IS SUBJECT TO THE ACT.**

14 **(2) EACH HEALTH MAINTENANCE ORGANIZATION THAT OFFERS A**
15 **CONTRACT OR CERTIFICATE SUBJECT TO THIS SUBSECTION, INCLUDING A**
16 **HEALTH MAINTENANCE ORGANIZATION THAT PROVIDES MENTAL HEALTH OR**
17 **SUBSTANCE USE DISORDER BENEFITS THROUGH A CONTRACT WITH ANOTHER**
18 **ENTITY, SHALL SUBMIT TO THE COMMISSIONER A REPORT CERTIFYING AND**
19 **OUTLINING HOW EACH CONTRACT OR CERTIFICATE COMPLIES WITH THE ACT**
20 **AND APPLICABLE STATE MENTAL HEALTH AND ADDICTION PARITY LAWS.**

21 **(3) THE REPORT:**

22 **(I) SHALL BE SUBMITTED WITH THE RATE AND FORM**
23 **FILING FOR EACH CONTRACT OR CERTIFICATE ISSUED OR DELIVERED IN 2015**
24 **AND ANNUALLY THEREAFTER;**

25 **(II) SHALL BE SUBMITTED BY THE CARRIER-DESIGNATED**
26 **MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT COMPLIANCE OFFICER;**
27 **AND**

28 **(III) SHALL INCLUDE AT A MINIMUM:**

29 **1. A LIST OF ALL COVERED AND EXCLUDED MENTAL**
30 **HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND THE STANDARDS USED**
31 **TO DEFINE AND CLASSIFY MENTAL HEALTH AND SUBSTANCE USE DISORDER**
32 **SERVICES INTO THE SIX CATEGORIES REQUIRED BY THE ACT;**

1 (a) (1) In this section the following words have the meanings indicated.

2 (2) **“ACT” MEANS THE FEDERAL MENTAL HEALTH PARITY AND**
3 **ADDICTION EQUITY ACT AND ANY REGULATIONS ADOPTED UNDER THE ACT.**

4 [(2)] (3) “Alcohol abuse” has the meaning stated in § 8–101 of the
5 Health – General Article.

6 [(3)] (4) “Drug abuse” has the meaning stated in § 8–101 of the
7 Health – General Article.

8 [(4)] (5) “Health benefit plan” has the meaning stated in § 15–1401 of
9 this title.

10 [(5)] (6) “Large employer” means an employer that has more than 50
11 employees and is not a small employer.

12 [(6)] (7) “Managed care system” means a system of cost containment
13 methods that a carrier uses to review and preauthorize a treatment plan developed by
14 a health care provider for a covered individual in order to control utilization, quality,
15 and claims.

16 [(7)] (8) “Partial hospitalization” means the provision of medically
17 directed intensive or intermediate short–term treatment:

18 (i) to an insured, subscriber, or member;

19 (ii) in a licensed or certified facility or program;

20 (iii) for mental illness, emotional disorders, drug abuse, or
21 alcohol abuse; and

22 (iv) for a period of less than 24 hours but more than 4 hours in a
23 day.

24 (9) **“PREDOMINANT” HAS THE MEANING STATED IN THE ACT.**

25 [(8)] (10) “Small employer” means an employer that:

26 (i) Employed an average of at least two, but not more than 50
27 employees on business days during the preceding calendar year; and

28 (ii) Employs at least two employees on the first day of the plan
29 year.

1 (11) “SUBSTANTIALLY ALL” HAS THE MEANING STATED IN THE
2 ACT.

3 (H) (1) THIS SUBSECTION APPLIES TO EACH HEALTH INSURANCE
4 POLICY OR CONTRACT THAT:

5 (I) IS DELIVERED OR ISSUED FOR DELIVERY IN THE STATE
6 TO AN EMPLOYER OR INDIVIDUAL ON A GROUP OR INDIVIDUAL BASIS;

7 (II) PROVIDES COVERAGE ON AN EXPENSE-INCURRED
8 BASIS; AND

9 (III) IS SUBJECT TO THE ACT.

10 (2) EACH CARRIER THAT OFFERS A POLICY OR CONTRACT
11 SUBJECT TO THIS SUBSECTION, INCLUDING A CARRIER THAT PROVIDES MENTAL
12 HEALTH OR SUBSTANCE USE DISORDER BENEFITS THROUGH A CONTRACT WITH
13 ANOTHER ENTITY, SHALL SUBMIT TO THE COMMISSIONER A REPORT
14 CERTIFYING AND OUTLINING HOW EACH POLICY OR CONTRACT COMPLIES WITH
15 THE ACT AND APPLICABLE STATE MENTAL HEALTH AND ADDICTION PARITY
16 LAWS.

17 (3) THE REPORT:

18 (I) SHALL BE SUBMITTED WITH THE RATE AND FORM
19 FILING FOR EACH POLICY OR CONTRACT ISSUED OR DELIVERED IN 2015 AND
20 ANNUALLY THEREAFTER;

21 (II) SHALL BE SUBMITTED BY THE CARRIER-DESIGNATED
22 MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT COMPLIANCE OFFICER;
23 AND

24 (III) SHALL INCLUDE AT A MINIMUM:

25 1. A LIST OF ALL COVERED AND EXCLUDED MENTAL
26 HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND THE STANDARDS USED
27 TO DEFINE AND CLASSIFY MENTAL HEALTH AND SUBSTANCE USE DISORDER
28 SERVICES INTO THE SIX CATEGORIES REQUIRED BY THE ACT;

29 2. A. THE ANNUAL AND LIFETIME DOLLAR
30 LIMITS, CUMULATIVE FINANCIAL REQUIREMENTS, AND TREATMENT
31 LIMITATIONS THAT ARE PLACED ON MENTAL HEALTH AND SUBSTANCE USE
32 DISORDER BENEFITS AND MEDICAL AND SURGICAL BENEFITS; AND

1 **B. VERIFICATION THAT A SINGLE AGGREGATE VALUE**
2 **IS APPLIED TO BOTH MENTAL HEALTH AND SUBSTANCE USE DISORDER**
3 **BENEFITS AND MEDICAL AND SURGICAL BENEFITS;**

4 **3. THE RELEVANT COST DATA AND THE SOURCE OF**
5 **THE COST DATA USED TO DETERMINE THAT THE FINANCIAL REQUIREMENTS**
6 **AND TREATMENT LIMITATIONS THAT APPLY TO MENTAL HEALTH AND**
7 **SUBSTANCE USE DISORDER BENEFITS ARE NO MORE RESTRICTIVE THAN THE**
8 **PREDOMINANT FINANCIAL REQUIREMENTS OR TREATMENT LIMITATIONS THAT**
9 **APPLY TO SUBSTANTIALLY ALL MEDICAL AND SURGICAL BENEFITS;**

10 **4. A. ALL NONQUANTITATIVE TREATMENT**
11 **LIMITATIONS THAT APPLY TO EACH COVERED BENEFIT, INCLUDING THE**
12 **PROCESSES USED TO DEVELOP EACH LIMITATION AND THE FACTORS**
13 **CONSIDERED IN APPLYING EACH LIMITATION; AND**

14 **B. ALL CLINICAL GUIDELINES USED TO JUSTIFY ANY**
15 **DIFFERENT NONQUANTITATIVE TREATMENT LIMITATIONS FOR MENTAL HEALTH**
16 **AND SUBSTANCE USE DISORDER BENEFITS;**

17 **5. THE STANDARDS FOR PARTICIPATION IN**
18 **PROVIDER NETWORKS, IN-NETWORK PROVIDER REIMBURSEMENT RATES FOR**
19 **RELEVANT BILLING CODES, AND REIMBURSEMENT RATES FOR SERVICES**
20 **PROVIDED BY OUT-OF-NETWORK PROVIDERS THAT APPLY TO MENTAL HEALTH**
21 **AND SUBSTANCE USE DISORDER SERVICES AND COMPARABLE MEDICAL AND**
22 **SURGICAL SERVICES; AND**

23 **6. FORMULARY RULES FOR THE COVERAGE OF**
24 **MEDICATIONS USED TO TREAT MENTAL HEALTH AND SUBSTANCE USE**
25 **DISORDERS.**

26 **(4) THE REPORT REQUIRED UNDER PARAGRAPH (3) OF THIS**
27 **SUBSECTION IS A PUBLIC RECORD.**

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 2013.