Department of Legislative Services

Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 641 (Senator Mathias, *et al.*)
Finance Health and Government Operations

Kathleen A. Mathias Oral Chemotherapy Improvement Act of 2014

This emergency bill expands the applicability of certain provisions of law relating to coverage of cancer chemotherapy to apply to a policy or contract issued or delivered by an insurer, nonprofit health service plan, and health maintenance organization (collectively known as carriers) that provides the essential health benefits (EHBs) required under the federal Patient Protection and Affordable Care Act (ACA).

The bill applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after January 1, 2015.

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the $125 rate and form filing fee in FY 2014. Review of filings can be handled with existing MIA budgeted resources. No effect on the State Employee and Retiree Health and Welfare Benefits Program (State plan).

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Potential minimal. To the extent the bill applies to plans offered in the small group market, premiums costs could be impacted depending on the structure of the prescription drug benefits offered.

Analysis

Current Law: Chapters 4 and 5 of 2012 (the Kathleen A. Mathias Chemotherapy Parity Act of 2012) prohibit carriers that provide coverage for both orally administered cancer chemotherapy and cancer chemotherapy administered intravenously or by injection from imposing dollar limits, copayments, deductibles, or coinsurance requirements on coverage for orally administered cancer chemotherapy that are less favorable to an enrollee than those that apply to cancer chemotherapy administered intravenously or by injection. Carriers may not reclassify cancer chemotherapy or increase a copayment, deductible, coinsurance requirement, or other out-of-pocket expense imposed on cancer chemotherapy to achieve compliance with the Acts.

These provisions apply to grandfathered health benefit plans in the individual market and all large group contracts. The provisions *do not* apply to nongrandfathered health benefit plans in the individual market or a policy or contract issued or delivered by a carrier that provides EHBs required under ACA.

ACA requires nongrandfathered health plans to cover 10 EHBs, which include items and services in the following categories: (1) ambulatory patient services; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services, including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services, including dental and vision care.

Under § 31-116 of the Maryland Insurance Article, EHBs must be included in the State benchmark plan and, *not withstanding any other benefits mandated by State law*, must be the benefits required in (1) all individual health benefit plans and health benefit plans offered to small employers (except for grandfathered health plans) offered outside the Maryland Health Benefit Exchange and (2) all qualified health plans offered in the exchange.

The proposed federal rule for EHBs notes that the U.S. Department of Health and Human Services interprets state-required benefits to be specific to the care, treatment, and services that a state requires issuers to offer to enrollees. Therefore, state rules related to provider types, cost-sharing, or reimbursement methods would not fall under the federal interpretation of state-required benefits. Even though plans must comply with those requirements, there would be no federal obligation for states to defray the costs associated with those requirements.

Background: According to MIA, as of 2013, approximately 21% of the State population younger than age 65 (or about 37% of all covered lives) had health insurance through fully insured plans.

The bill is intended to extend the applicability of the cancer chemotherapy provisions to the new plans offered both within and outside of the exchange in the individual and small group markets.

Additional Information

Prior Introductions: None.

Cross File: HB 625 (Delegate Nathan-Pulliam, *et al.*) - Health and Government Operations.

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

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