

Department of Legislative Services
Maryland General Assembly
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FISCAL AND POLICY NOTE
First Reader

House Bill 113 (Delegate Carr, *et al.*)
Health and Government Operations

Health Insurance - Coverage for Lymphedema Diagnosis, Evaluation, and Treatment

This bill requires an insurer, nonprofit health service plan, or health maintenance organization (collectively known as carriers) that provides hospital, medical, or surgical benefits to provide coverage for the medically necessary diagnosis, evaluation, and treatment of lymphedema.

The bill applies to all policies, contracts, and health benefits plans issued, delivered, or renewed in the State on or after October 1, 2016.

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 2017. Review of filings can likely be handled with existing MIA resources. The State Employee and Retiree Health and Welfare Benefits Program currently provides coverage as required under the bill.

Local Effect: To the extent mandated services are not already covered, health care expenditures for local governments that provide fully insured medical benefits may increase. Revenues are not affected.

Small Business Effect: Potential minimal. The bill generally does not apply to health insurance policies sold to small businesses as discussed further below.

Analysis

Bill Summary: “Gradient compression garment” means a garment that (1) is used for the treatment of lymphedema; (2) requires a prescription; and (3) is custom fit for the individual for whom it is prescribed. “Gradient compression garment” does not include disposable medical supplies, including over-the-counter compression or elastic knee-high or other stocking products.

Required coverage under the bill must include equipment, supplies, complete decongestive therapy, gradient compression garments, and self-management training and education.

Coverage may be subject to the annual deductibles, copayments, or coinsurance requirements imposed by a carrier for similar coverages under the same policy or contract. The annual deductibles, copayments, or coinsurance requirements may not be greater than those imposed by the carrier for similar coverages.

Current Law: Under Maryland law, there are 49 mandated health insurance benefits that certain carriers must provide to their enrollees. The federal Patient Protection and Affordable Care Act (ACA) requires nongrandfathered health plans to cover 10 essential health benefits (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, *notwithstanding 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 (MHBE) and (2) all qualified health plans offered in MHBE.

Background: Lymphedema is an abnormal collection of fluid just beneath the skin. This swelling (edema) occurs most commonly in the arm or leg, but may occur in other parts of the body. Lymphedema usually develops when lymph vessels are damaged or lymph nodes are removed (secondary lymphedema), but it can also be present when lymphatic vessels are missing or impaired due to a hereditary condition (primary lymphedema). Lymphedema is a common complication of cancer treatment. Left untreated, lymphedema leads to chronic inflammation, infection, and hardening of the skin that results in further lymph vessel damage and distortion of the shape of affected body parts.

At least two states (Virginia and North Carolina) mandate health insurance coverage for lymphedema, including coverage for equipment, supplies, complex decongestive therapy, and self-management training and education.

Small Business Effect: Health insurance mandates generally do not apply to policies sold to small businesses. However, if the Maryland Insurance Commissioner elects to include the mandate in the State benchmark plan, the mandate would apply to policies sold to small businesses through MHBE.

Additional Comments: Under ACA, each state must pay, for every health plan purchased through MHBE, the additional premium associated with any state-mandated benefit beyond the EHBs. According to MIA, the bill establishes a new mandated benefit. As such, the State would be required to defray the cost of the benefits to the extent it applies to the individual and small group market ACA plans.

The federal Employee Retirement Income Security Act preempts states' ability to require private employers to offer insurance coverage and exempts the coverage offered by self-insured entities from state insurance regulation. Thus, insured health benefit plans (those purchased directly from a carrier) are subject to Maryland's mandated benefits law, while other (self-insured) employment-based plans are not.

In 2015, a total of 2,899,428 lives (younger than age 65) were covered through commercial health benefit plans in Maryland. However, only 36% were covered under insured health benefit plans subject to State regulation. The remaining 64% were covered through group self-insured plans or the Federal Employees Health Benefit Plan, which are not regulated by MIA and are, for the most part, not subject to Maryland law.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): National Lymphedema Network, Department of Budget and Management, Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

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