

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 798 (Chair, Health and Government Operations  
Committee)(By Request - Departmental - Maryland  
Insurance Administration)

Health and Government Operations

Finance

Health Insurance - Reporting Requirements - Repeal

This departmental bill repeals three reporting requirements.

The bill takes effect June 1, 2016.

Fiscal Summary

**State Effect:** The bill does not materially affect State finances or operations.

**Local Effect:** None.

**Small Business Effect:** The Maryland Insurance Administration (MIA) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

**Bill Summary/Current Law/Background:**

*Clinical Issues and Diagnostic and Therapeutic Services:* Each insurer, nonprofit health service plan, health maintenance organization (HMO), and dental plan organization must establish, subscribe, or contract to provide a systematic, scientific process to follow for evaluating emerging medical and surgical treatments to ensure that subscribers have access to the latest appropriate treatments. This process must include a comprehensive review of

medical literature and data evaluation and input from physicians and other recognized experts.

The bill repeals the requirement that these entities annually file a summary description of the clinical issues and diagnostic and therapeutic services that were evaluated and the conclusion of the evaluation, including the opinions of the clinical experts. The requirement that the Insurance Commissioner make a copy of each report available to the public and provide a copy on request is also repealed. MIA advises that there have been no requests to inspect or review these reports in at least five years.

*Reports on Premiums, Incurred Claims/Expenses, and Medical Loss Ratios:* Each insurer, nonprofit health service plan, HMO, and managed care organization (MCO) must submit an annual report that includes premiums written and earned, incurred claims and expenses, and loss and expense ratios. Insurers, nonprofit health services plans, and HMOs must provide this data by product delivery system and in the aggregate for certain health benefit plans. Failure of an insurer, nonprofit health service plan, or HMO to submit the report by March 1 is subject to a penalty of \$500 per day.

The bill repeals the requirement that each insurer, nonprofit health service plan, or HMO submit the report and the associated late penalty. The report will continue to be required of MCOs. MIA advises that the report is duplicative of other information required to be submitted by insurers, nonprofit health service plans, and HMOs under the federal Patient Protection and Affordable Care Act.

*Utilization Review by Private Review Agents:* The bill repeals the requirement that a private review agent submit certain revisions, modifications, criteria, or standards to the Insurance Commissioner at least 10 days before the private review agent (1) requires any revisions or modifications to existing specific criteria and standards for utilization review or (2) requires specific criteria and standards to be used for utilization review of proposed or delivered services for which there are no existing criteria and standards. MIA advises that there are no qualified medical staff to review these filings; therefore, they are filed without review. Furthermore, no requests have been received to review these filings.

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## **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 - February 24, 2016  
min/ljm

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**ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

**TITLE OF BILL: Health Insurance— Repealing Unnecessary Reports**

**BILL NUMBER: HB 798**

**PREPARED BY: Nancy Egan  
(Dept./Agency) Maryland Insurance Administration**

**PART A. ECONOMIC IMPACT RATING**

This agency estimates that the proposed bill:

  X   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**