Department of Legislative Services

Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 847 (Delegate Carr, *et al.*)
Health and Government Operations Finance

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 takes effect January 1, 2019, and applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after that date.**

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 2019. 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: Any impact on health insurance expenditures for local governments that purchase fully insured medical plans is anticipated to be minimal. 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 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, complex 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, *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 (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 it 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 four states (California, Massachusetts, North Carolina, and Virginia) mandate health insurance coverage for lymphedema. North Carolina and Virginia specifically

mandate coverage for equipment, supplies, complex decongestive therapy, and self-management training and education.

A 2016 study of Virginia's lymphedema mandate (in place since 2004) found that the costs of lymphedema treatment are an insignificant part of insured health care costs in the state. The study also found that the mandate resulted in (1) no increased utilization of services associated with lymphedema; (2) a reduction in utilization of physician and therapist services for lymphedema; and (3) a reduction in hospital stays for lymphedema or cellulitis treatment.

A December 2016 report prepared by NovaRest, Inc. for the Maryland Health Care Commission evaluated the potential impact of mandating coverage for lymphedema diagnosis, evaluation, and treatment in Maryland. The report noted that an estimated 7,400 fully insured individuals had lymphedema in calendar 2014. Based on survey responses, all carriers provide coverage for lymphedema when medically necessary; however, coverage limitations, such as a maximum allowable benefit or number of visits, may apply. NovaRest concluded that the mandate would not have a material impact on utilization or the total cost of health care in Maryland.

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: According to MIA, the bill establishes a new mandated benefit for the large group market only. Under the ACA, each state must pay, for every health plan purchased through MHBE, the additional premium associated with any state-mandated benefit beyond EHBs. As such, if the Insurance Commissioner elects to include the mandate in the State benchmark plan, 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.

Additional Information

Prior Introductions: Similar legislation, HB 667 of 2017 and HB 113 of 2016, received a hearing in the House Health and Government Operations Committee and was later withdrawn.

Cross File: None.

Information Source(s): Department of Budget and Management; Maryland Department of Health; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

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