

WES MOORE
Governor

ARUNA MILLER
Lt. Governor



Maryland

INSURANCE ADMINISTRATION

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2353 Fax: 410-468-2020
1-800-492-6116 TTY: 1-800-735-2258
www.insurance.maryland.gov

KATHLEEN A. BIRRANE
Commissioner

TAMMY R. J. LONGAN
Acting Deputy Commissioner

Date: March 15, 2023

Bill # / Title: House Bill 1272 - Maryland Insurance Commissioner Enforcement - Specialty Mental Health Services and Payment of Claims - Sunset Extension

Committee: House Health and Government Operations Committee

Position: Support

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support for House Bill 1272 (HB 1072).

House Bill 1272 amends Chapters 151¹ (HB0919) and 152² (SB0638) of the Acts of the General Assembly of 2021 to extend by two years the sunset date on this emergency legislation, which provided the Insurance Commissioner with the authority to examine an ASO that administers mental health benefits for the Maryland Department of Health (MDH) for compliance with Maryland's prompt pay statutes and required the MIA to submit the final report resulting from any such examination to the legislature. MIA was provided with this limited authority over an ASO, because the MIA enforces prompt pay laws with respect to commercial health insurers and, thus, had the staffing, infrastructure, and personnel necessary to conduct this examination.

Immediately following the 2021 enactment, the MIA initiated a market conduct exam of the entity currently serving as the ASO for the administration of mental health for MDH. The final market conduct report, which was submitted to this Committee, found significant violations and directed the ASO, among other things, to develop and implement corrective action plans as approved by the MIA. The ASO's agreement to do so is reflected in a consent order dated June 7, 2022 (the "Consent Order"), which was also provided to the Committee.

While the ASO has fully implemented many provisions of the Consent Order, it has not completed the automation of its system to automatically pay interest if a clean claim is not paid within 30 days of its receipt. Given that, under the Consent Order, the ASO is currently on a monthly reporting schedule to the MIA which enables the MIA to track the ASO's manual process for assuring payment of interest where required. The ASO has now estimated that its system will be updated by June 2023 and, assuming that occurs, time will be required to validate the accuracy of the system.

This extension will enable the MIA to continue to monitor the ASO for compliance with the Consent Order and with prompt pay laws for the duration of its current contract with MDH. For this reason, the MIA supports the extension of the sunset provision in order to assure that it retains the authority to conduct additional investigations or examinations, if warranted and to avoid any contention that the MIA would, by virtue of the sunset, lose the authority to continue to enforce the Consent Order.

¹ https://mgaleg.maryland.gov/2021RS/chapters_noln/Ch_151_hb0919T.pdf

² https://mgaleg.maryland.gov/2021RS/chapters_noln/Ch_152_sb0638E.pdf

Thank you for the opportunity to provide this written letter of support for House Bill 1272. The MIA is available to provide any additional information that might be helpful to the sponsor or the Committee.