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By: **Delegate Schisler**  
Introduced and read first time: February 13, 1998  
Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Mental Health Managed Care Companies**

3 FOR the purpose of requiring certain mental health managed care companies to  
4 provide its enrollees with a certain referral policy under certain circumstances  
5 and to disclose the referral policy at the time of enrollment; specifying the  
6 content of a certain referral policy; requiring a certain explanation concerning  
7 the reimbursement methodology of certain mental health managed care  
8 companies to be consistent with a certain requirement; prohibiting, unless  
9 otherwise required by law, a mental health managed care company from  
10 discriminating against enrollees with certain conditions on the basis of the  
11 geographic residence of the enrollees; prohibiting a certain mental health  
12 managed care company from reimbursing certain providers at less than a  
13 certain rate; making this Act applicable to certain new health benefit plans  
14 issued or delivered on and after a certain date; making this Act applicable on  
15 and after a certain date to the renewal of certain health benefit plans in effect  
16 before a certain date; defining certain terms; and generally relating to mental  
17 health managed care companies.

18 BY adding to  
19 Article - Health - General  
20 Section 19-706(y)  
21 Annotated Code of Maryland  
22 (1996 Replacement Volume and 1997 Supplement)

23 BY adding to  
24 Article - Insurance  
25 Section 15-124  
26 Annotated Code of Maryland  
27 (1997 Volume)

28 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
29 MARYLAND, That the Laws of Maryland read as follows:

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**Article - Health - General**

2 19-706.

3 (Y) THE PROVISIONS OF § 15-124 OF THE INSURANCE ARTICLE SHALL APPLY  
4 TO HEALTH MAINTENANCE ORGANIZATIONS.

5

**Article - Insurance**

6 15-124.

7 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
8 INDICATED.

9 (2) "CONTRACT" MEANS ANY WRITTEN AGREEMENT BETWEEN A  
10 PROVIDER AND A MENTAL HEALTH MANAGED CARE COMPANY FOR THE PROVIDER  
11 TO RENDER MENTAL HEALTH CARE SERVICES TO ENROLLEES OR SUBSCRIBERS OF A  
12 MENTAL HEALTH MANAGED CARE COMPANY.

13 (3) "ENROLLEE" MEANS ANY PERSON OR SUBSCRIBER ENTITLED TO  
14 MENTAL HEALTH CARE SERVICES FROM A MENTAL HEALTH MANAGED CARE  
15 COMPANY.

16 (4) "HEALTH MAINTENANCE ORGANIZATION" HAS THE MEANING  
17 INDICATED IN § 19-701(F) OF THE HEALTH - GENERAL ARTICLE.

18 (5) "MENTAL HEALTH CARE SERVICE" MEANS A TREATMENT  
19 PROCEDURE OR SERVICE RENDERED BY A PROVIDER FOR TREATMENT OF MENTAL  
20 ILLNESS, EMOTIONAL DISORDERS, DRUG ABUSE, OR ALCOHOL ABUSE.

21 (6) (I) "MENTAL HEALTH MANAGED CARE COMPANY" MEANS A  
22 PERSON THAT:

23 1. PROVIDES MENTAL HEALTH CARE SERVICES TO  
24 ENROLLEES OF THE MENTAL HEALTH MANAGED CARE COMPANY; OR

25 2. MAKES MENTAL HEALTH CARE SERVICES AVAILABLE TO  
26 ENROLLEES OF THE MENTAL HEALTH MANAGED CARE COMPANY THROUGH A  
27 CONTRACT WITH A PROVIDER.

28 (II) "MENTAL HEALTH MANAGED CARE COMPANY" INCLUDES A  
29 PERSON THAT PERFORMS THE FUNCTIONS SPECIFIED IN ITEM (I) OF THIS  
30 PARAGRAPH AND THAT IS:

31 1. A LICENSED INSURANCE COMPANY;

32 2. A HOSPITAL;

33 3. A HEALTH MAINTENANCE ORGANIZATION;

34 4. A NONPROFIT HEALTH SERVICE PLAN;

- 1                                   5.       A PREFERRED PROVIDER ORGANIZATION;
- 2                                   6.       A THIRD PARTY ADMINISTRATOR; OR
- 3                                   7.       ANY OTHER PERSON THAT ESTABLISHES, OPERATES, OR
- 4 MAINTAINS A NETWORK OF PARTICIPATING MENTAL HEALTH CARE PROFESSIONALS
- 5 THAT PROVIDE MENTAL HEALTH CARE SERVICES TO ENROLLEES OF A MENTAL
- 6 HEALTH MANAGED CARE COMPANY.

7                   (7)       "PROVIDER" MEANS A PERSON LICENSED, CERTIFIED, OR

8 OTHERWISE AUTHORIZED UNDER THE HEALTH OCCUPATIONS ARTICLE OR THE

9 HEALTH - GENERAL ARTICLE TO PROVIDE HEALTH CARE SERVICES.

10       (B)       (1)       IF AN ENROLLEE OF A MENTAL HEALTH MANAGED CARE COMPANY

11 REQUIRES A REFERRAL FROM A PROVIDER FOR THE PROVISION OF MENTAL HEALTH

12 CARE SERVICES THROUGH A MENTAL HEALTH MANAGED CARE SYSTEM, THE

13 MENTAL HEALTH MANAGED CARE COMPANY SHALL PROVIDE THE ENROLLEE WITH

14 THE MENTAL HEALTH CARE REFERRAL POLICY OF THE MENTAL HEALTH MANAGED

15 CARE COMPANY.

16                   (2)       A MENTAL HEALTH MANAGED CARE COMPANY SHALL DISCLOSE ITS

17 MENTAL HEALTH CARE REFERRAL POLICY TO ENROLLEES OF THE MENTAL HEALTH

18 MANAGED CARE COMPANY AT THE TIME OF ENROLLMENT.

19                   (3)       THE MENTAL HEALTH CARE REFERRAL POLICY OF A MENTAL

20 HEALTH MANAGED CARE COMPANY SHALL INCLUDE:

21                                   (I)       AN EXPLANATION OF THE SPECIFIC MENTAL HEALTH CARE

22 SERVICES COVERED BY THE MENTAL HEALTH MANAGED CARE COMPANY;

23                                   (II)       AN EXPLANATION OF THE ENROLLEE'S RESPONSIBILITIES

24 WHEN OBTAINING A REFERRAL FOR THE PROVISION OF MENTAL HEALTH CARE

25 SERVICES;

26                                   (III)       A LISTING OF THE MENTAL HEALTH MANAGED CARE

27 COMPANY'S MENTAL HEALTH CARE PROVIDERS, WHICH SHALL BE UPDATED

28 SEMIANNUALLY;

29                                   (IV)       AN EXPLANATION OF THE REIMBURSEMENT METHODOLOGY

30 THE MENTAL HEALTH MANAGED CARE COMPANY USES TO REIMBURSE MENTAL

31 HEALTH CARE PROVIDERS FOR MENTAL HEALTH CARE SERVICES RENDERED TO

32 ENROLLEES;

33                                   (V)       AN EXPLANATION OF THE PROCEDURE AN ENROLLEE WOULD

34 UTILIZE WHEN ATTEMPTING TO OBTAIN MENTAL HEALTH CARE SERVICES OUTSIDE

35 OF THE MENTAL HEALTH MANAGED CARE COMPANY'S NETWORK OF PROVIDERS;

36 AND

37                                   (VI)       AN EXPLANATION OF THE MENTAL HEALTH MANAGED CARE

38 COMPANY'S ORGANIZATIONAL STRUCTURE, DECISION MAKING PROCESS FOR

1 APPROVING OR DENYING PAYMENTS FOR BENEFITS, HEALTH CARE BENEFITS AND  
2 EXCLUSIONS, COST AND COST SHARING REQUIREMENTS, AND GRIEVANCE AND  
3 APPEAL PROCEDURES FOR ALL ENROLLEES COVERED BY THE MENTAL HEALTH  
4 MANAGED CARE COMPANY.

5 (C) THE EXPLANATION THAT A MENTAL HEALTH MANAGED CARE COMPANY  
6 IS REQUIRED TO PROVIDE UNDER SUBSECTION (B)(3)(IV) OF THIS SECTION  
7 CONCERNING ITS REIMBURSEMENT METHODOLOGY SHALL BE CONSISTENT WITH §  
8 15-121(C) OF THIS SUBTITLE.

9 (D) EXCEPT AS OTHERWISE PROVIDED BY LAW, WHEN PROVIDING MENTAL  
10 HEALTH CARE SERVICES THROUGH A MENTAL HEALTH MANAGED CARE SYSTEM, A  
11 MENTAL HEALTH MANAGED CARE COMPANY MAY NOT DISCRIMINATE AGAINST ANY  
12 ENROLLEE WITH A MENTAL ILLNESS, EMOTIONAL DISORDER, OR A DRUG ABUSE OR  
13 ALCOHOL ABUSE DISORDER ON THE BASIS OF THE GEOGRAPHIC RESIDENCE OF THE  
14 ENROLLEE.

15 (E) A MENTAL HEALTH MANAGED CARE COMPANY THAT UTILIZES A MENTAL  
16 HEALTH MANAGED CARE SYSTEM MAY NOT REIMBURSE A PROVIDER FOR MENTAL  
17 HEALTH CARE SERVICES PROVIDED TO AN ENROLLEE IN AN AMOUNT LESS THAN  
18 THE RATE REIMBURSED TO THE PROVIDER BY FEDERAL MEDICARE FOR THE SAME  
19 SERVICE.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act applies to any  
21 new policy, contract, certificate, or evidence of coverage under a health benefit plan  
22 that a mental health managed care company issues or delivers in the State on or after  
23 July 1, 1998.

24 SECTION 3. AND BE IT FURTHER ENACTED, That this Act applies on or  
25 after January 1, 1999, to the renewal of any policy, contract, certificate, or evidence of  
26 coverage under a health benefit plan that a mental health managed care company  
27 issues or delivers in the State that is in effect before July 1, 1998.

28 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take  
29 effect July 1, 1998.