HB 1110

Department of Legislative Services

Maryland General Assembly

FISCAL NOTE

House Bill 1110 (Delegate Schisler)
Economic Matters

Mental Health Managed Care Companies

This bill prohibits a "mental health managed care company" from reimbursing a provider for mental health care services rendered to its enrollee in an amount less than the federal Medicare reimbursement rate for the same services. The bill also requires the mental health managed care company to disclose its mental health care referral policy to enrollees at the time of enrollment, and specifies what the policy must include. In addition, the mental health managed care company may not discriminate against a enrollee with a mental illness, emotional disorder, or drug/alcohol abuse disorder on the basis of the geographic residence of the enrollee.

The bill takes effect July 1, 1998 and applies to all contracts issued on or after July 1, 1998. Any contract in effect before July 1, 1998 must comply with the bill's requirements by January 1, 1999.

Fiscal Summary

State Effect: Indeterminate increase in general fund expenditures. No effect on revenues.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase, depending upon the current type of health care coverage offered and the number of enrollees.

Small Business Effect: Potential minimal.

Fiscal Analysis

Background: Generally, mental health managed care companies reimburse providers at a rate higher than the federal Medicare reimbursement rate.

State Expenditures: The State Employee Health Benefit Plan currently offers a carve-out mental health plan to persons enrolled in PPO and POS plans, provided by Green Spring Health Services. HMO enrollees receive mental health services through their HMO. According to Green Spring Health Services, the reimbursement rate paid to providers in the carve-out plan is higher than the Medicare reimbursement rate. The company does, however, have a lower reimbursement rate for enrollees who receive services through an HMO plan. As a result of this bill, Green Spring would not be able to negotiate a lower rate for its HMO contracts. Consequently, Green Spring would pass the increased cost onto the State and expenditures for the State Employee Health Benefit Plan could increase. The extent of the increase cannot be determined at this time.

In addition, the State program provides enrollees with information on the company's referral policy and reimbursement methodology at the time of enrollment. There are no pre-existing condition clauses and the State plan does not discriminate based on the enrollee's geographic location. Expenditures for the State Employee Health Benefit Plan could increase due to the requirement that carriers provide a listing of mental health care providers to their enrollees on a semi-annual basis, since a listing is currently not provided by the State. Any increase in administrative costs, however, is expected to be minimal.

Information Source(s): Insurance Administration; Department of Health and Mental Hygiene (Health Care Access and Cost Commission, Mental Hygiene Administration); Department of Budget and Management, Green Spring Health Services Psychology Association, Department of Legislative Services

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