

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE**Revised**

Senate Bill 646 (Senator Van Hollen)

Finance

Managed Behavioral Healthcare Organizations - Disclosure

This bill requires a health insurer, nonprofit health service plan, or HMO (carrier) that contracts with or owns a “managed behavioral healthcare organization” to distribute to the carrier’s enrollees: (1) an explanation of covered benefits and exclusions; (2) an explanation of the procedure for obtaining services out of network; (3) the carrier’s process for appealing a payment denial; (4) the managed behavioral healthcare organization’s provider reimbursement methodology; and (5) the managed behavioral healthcare organization’s referral policy. If the managed behavioral healthcare organization requires an enrollee to receive a referral prior to obtaining behavioral health care services, the referral policy must be provided at the time of enrollment.

In addition, the bill requires each carrier to file with the Insurance Commissioner, by March 1 each year, the total incurred care expenses of the managed behavioral healthcare organization for behavioral health care services rendered to the carrier’s enrollees and the payments made by the carrier for those services.

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

Fiscal Summary

State Effect: Any increase in workload could be handled with existing budgeted resources. No effect on revenues.

Local Effect: None.

Small Business Effect: Indeterminate. It is uncertain if any small business behavioral

managed care administrators operate in Maryland.

Fiscal Analysis

Background: Managed behavioral healthcare organizations are organizations that provide mental health and substance abuse services within a managed care environment. Managed behavioral healthcare organizations participate in the private insurance market and are not equivalent to Medicaid managed care organizations (MCOs) that provide services to Medicaid recipients in Maryland.

Information Source(s): Department of Health and Mental Hygiene (Mental Hygiene Administration, Medical Care Policy Administration, Health Care Access and Cost Commission, Alcohol and Drug Abuse Administration); Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - March 10, 1998

tlw Revised - Senate Third Reader - April 3, 1998

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