

HOUSE BILL 931

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1999 Regular Session
9r1716
CF 9r1715

By: **Delegates Barve, Goldwater, Eckardt, Love, Donoghue, McClenahan,
Pendergrass, and Bobo**

Introduced and read first time: February 12, 1999

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 17, 1999

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance - Managed Behavioral Health Care Organizations -**
3 **~~Explanations and Expense Ratios~~ Quality Measures, Explanations, and**
4 **Expense Ratios**

5 FOR the purpose of requiring a carrier that owns or contracts with a managed
6 behavioral health care organization to distribute a certain explanation to the
7 members of the carrier; specifying certain information that the explanation
8 must include; requiring a carrier to file a certain expense ratio; providing for a
9 certain exception; requiring the Insurance Commissioner to adopt certain
10 regulations; defining certain terms; establishing a task force to develop
11 performance quality measures for managed behavioral health care
12 organizations; providing for the membership and responsibilities of the task
13 force; providing for a delayed effective date for certain provisions of this Act;
14 providing for the application of this Act; and generally relating to health
15 insurance carriers that use managed behavioral health care organizations.

16 BY adding to
17 Article - Health - General
18 Section 19-706(ff)
19 Annotated Code of Maryland
20 (1996 Replacement Volume and 1998 Supplement)

21 BY adding to
22 Article - Insurance
23 Section 15-126
24 Annotated Code of Maryland

1 (1997 Volume and 1998 Supplement)

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

4 **Article - Health - General**

5 19-706.

6 (FF) THE PROVISIONS OF § 15-126 OF THE INSURANCE ARTICLE SHALL APPLY
7 TO HEALTH MAINTENANCE ORGANIZATIONS.

8 **Article - Insurance**

9 15-126.

10 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
11 INDICATED.

12 (2) "BEHAVIORAL HEALTH CARE SERVICES" MEANS PROCEDURES OR
13 SERVICES RENDERED BY A HEALTH CARE PROVIDER FOR THE TREATMENT OF
14 MENTAL ILLNESS, EMOTIONAL DISORDERS, DRUG ABUSE, OR ALCOHOL ABUSE.

15 (3) "CARRIER" MEANS:

16 (I) A HEALTH INSURER;

17 (II) A NONPROFIT HEALTH SERVICE PLAN;

18 (III) A HEALTH MAINTENANCE ORGANIZATION;

19 (IV) A PREFERRED PROVIDER ORGANIZATION;

20 (V) A THIRD PARTY ADMINISTRATOR; OR

21 (VI) EXCEPT FOR A MANAGED CARE ORGANIZATION AS DEFINED IN
22 TITLE 15, SUBTITLE 1 OF THE HEALTH - GENERAL ARTICLE, ANY OTHER PERSON
23 THAT PROVIDES HEALTH BENEFIT PLANS SUBJECT TO REGULATION BY THE STATE.

24 (4) "DIRECT CARE EXPENSES" MEANS THE PAYMENT TO A HEALTH CARE
25 PROVIDER BY A MANAGED BEHAVIORAL HEALTH CARE ORGANIZATION FOR THE
26 PROVISION OF BEHAVIORAL HEALTH CARE SERVICES TO A MEMBER.

27 (5) "DIRECT PAYMENTS" MEANS THE MONEY THAT A CARRIER
28 DISBURSES TO A MANAGED BEHAVIORAL HEALTH CARE ORGANIZATION FOR THE
29 PROVISION OF BEHAVIORAL HEALTH CARE SERVICES TO A MEMBER.

30 (6) "MANAGED BEHAVIORAL HEALTH CARE ORGANIZATION" MEANS A
31 COMPANY, ORGANIZATION, OR SUBSIDIARY THAT:

1 (I) CONTRACTS WITH A CARRIER TO PROVIDE, UNDERTAKE TO
2 ARRANGE, OR ADMINISTER BEHAVIORAL HEALTH CARE SERVICES TO MEMBERS; OR

3 (II) OTHERWISE MAKES BEHAVIORAL HEALTH CARE SERVICES
4 AVAILABLE TO MEMBERS THROUGH CONTRACTS WITH HEALTH CARE PROVIDERS.

5 (7) (I) "MEMBER" MEANS AN INDIVIDUAL ENTITLED TO BEHAVIORAL
6 HEALTH CARE SERVICES FROM A CARRIER OR A MANAGED BEHAVIORAL HEALTH
7 CARE ORGANIZATION UNDER A POLICY, ~~PLAN, OR CERTIFICATE~~ OR PLAN ISSUED OR
8 DELIVERED IN THE STATE.

9 (II) "MEMBER" INCLUDES A SUBSCRIBER.

10 (8) "MENTAL HEALTH EXPENSE RATIO" MEANS THE RATIO OF THE
11 TOTAL INCURRED DIRECT CARE EXPENSES FOR BEHAVIORAL HEALTH CARE
12 SERVICES IN RELATION TO THE TOTAL DIRECT PAYMENTS FOR BEHAVIORAL
13 HEALTH CARE SERVICES.

14 (9) "PROVIDER" MEANS A PERSON LICENSED, CERTIFIED, OR
15 OTHERWISE AUTHORIZED UNDER THE HEALTH OCCUPATIONS ARTICLE OR THE
16 HEALTH - GENERAL ARTICLE TO PROVIDE HEALTH CARE SERVICES.

17 (B) A CARRIER THAT OWNS OR CONTRACTS WITH A MANAGED BEHAVIORAL
18 HEALTH CARE ORGANIZATION SHALL DISTRIBUTE TO ITS MEMBERS AT THE TIME OF
19 ENROLLMENT AN EXPLANATION OF:

20 (1) THE SPECIFIC BEHAVIORAL HEALTH CARE SERVICES COVERED AND
21 THE SPECIFIC EXCLUSIONS UNDER THE MEMBER'S CONTRACT;

22 (2) THE MEMBER'S RESPONSIBILITIES FOR OBTAINING BEHAVIORAL
23 HEALTH CARE SERVICES;

24 (3) THE REIMBURSEMENT METHODOLOGY THAT THE CARRIER AND
25 MANAGED BEHAVIORAL HEALTH CARE ORGANIZATION USE TO REIMBURSE
26 PROVIDERS FOR BEHAVIORAL HEALTH CARE SERVICES; AND

27 (4) THE PROCEDURE THAT A MEMBER MUST UTILIZE WHEN
28 ATTEMPTING TO OBTAIN BEHAVIORAL HEALTH CARE SERVICES OUTSIDE THE
29 NETWORK OF PROVIDERS USED BY THE CARRIER OR MANAGED BEHAVIORAL
30 HEALTH CARE ORGANIZATION.

31 (C) THE EXPLANATION THAT A CARRIER IS REQUIRED TO DISTRIBUTE UNDER
32 SUBSECTION (B)(3) OF THIS SECTION SHALL BE CONSISTENT WITH § 15-121(C) OF THIS
33 SUBTITLE.

34 (D) THE COMMISSIONER SHALL ADOPT REGULATIONS TO CARRY OUT THE
35 PROVISIONS OF THIS SECTION.

36 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
37 read as follows:

Article - Insurance

2 15-126.

3 ~~(D)~~ (E) (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2) OF THIS
4 SUBSECTION, ON OR BEFORE MARCH 1 OF EACH YEAR, EACH CARRIER THAT
5 PROVIDES BEHAVIORAL HEALTH CARE SERVICES THROUGH A COMPANY OWNED
6 WHOLLY OR IN PART BY THE CARRIER OR THROUGH A CONTRACT WITH A MANAGED
7 BEHAVIORAL HEALTH CARE ORGANIZATION SHALL FILE WITH THE COMMISSIONER,
8 ON THE FORM REQUIRED BY THE COMMISSIONER, THE MENTAL HEALTH EXPENSE
9 RATIO FOR THE PROVISION OF BEHAVIORAL HEALTH CARE SERVICES TO MEMBERS.

10 (2) THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION DO
11 NOT APPLY WHEN A COMPANY, FOR AN ADMINISTRATIVE FEE ONLY, SOLELY
12 ARRANGES A PROVIDER PANEL FOR A CARRIER FOR THE PROVISION OF BEHAVIORAL
13 HEALTH CARE SERVICES ON A DISCOUNTED FEE-FOR-SERVICE BASIS.

14 ~~(E) THE COMMISSIONER SHALL ADOPT REGULATIONS TO CARRY OUT THE~~
15 ~~PROVISIONS OF THIS SECTION.~~

16 SECTION 3. AND BE IT FURTHER ENACTED, That:

17 (a) There is a Task Force to Develop Performance Quality Measures for
18 Managed Behavioral Health Care Organizations.

19 (b) The Task Force shall consist of the following 10 members:

20 (1) The Executive Director of the Health Care Access and Cost
21 Commission;

22 (2) The Secretary of the Department of Health and Mental Hygiene or
23 the Secretary's designee;

24 (3) The Maryland Insurance Commissioner;

25 (4) One representative of the managed behavioral care organization
26 industry, appointed by the Health Care Access and Cost Commission;

27 (5) Two representatives of carriers that use the services of a managed
28 behavioral care organization, appointed by the Health Care Access and Cost
29 Commission;

30 (6) One psychologist appointed by the Maryland Psychological
31 Association;

32 (7) One nurse psychotherapist appointed by the Psychiatric Advanced
33 Practice Nurses of Maryland;

34 (8) One psychiatrist appointed by the Maryland Psychiatric Society; and

1 (9) One social worker appointed by the Maryland Society for Clinical
2 Social Work.

3 (c) The Executive Director of the Health Care Access and Cost Commission
4 shall serve as the Chairman of the Task Force.

5 (d) The Task Force shall develop measures of quality for the provision of
6 behavioral health care services to members or enrollees of managed behavioral health
7 care organizations.

8 (e) In developing the measures of quality, the Task Force shall consider:

9 (1) Discharge rates for members or enrollees who receive in-patient
10 mental health and substance abuse services;

11 (2) The average length of stay for members or enrollees who receive
12 in-patient mental health and substance abuse services;

13 (3) The percentage of enrollees receiving in-patient and out-patient
14 services for mental health and substance abuse;

15 (4) Readmission rates of members and enrollees who receive in-patient
16 mental health and substance abuse treatment;

17 (5) The level of patient satisfaction with the quality of managed
18 behavioral health care services received; and

19 (6) Any other quality measures that the Task Force deems appropriate.

20 (f) The Task Force shall report its findings to the Senate Finance Committee
21 and the House Economic Matters Committee by December 15, 1999.

22 ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act applies to any~~
23 ~~new policy, contract, certificate, or evidence of coverage under a health benefit plan~~
24 ~~that a carrier issues or delivers in the State on or after October 1, 1999.~~

25 ~~SECTION 3. AND BE IT FURTHER ENACTED, That this Act applies on or~~
26 ~~after January 1, 2000 to the renewal of any policy, contract, certificate, or evidence of~~
27 ~~coverage under a health benefit plan that a carrier issues or delivers in the State that~~
28 ~~is in effect before October 1, 1999.~~

29 SECTION 4. AND BE IT FURTHER ENACTED, That Sections 1 and 3 of this
30 Act shall take effect October 1, 1999.

31 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
32 take effect October 1, 2000.

