

SENATE BILL 585

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1999 Regular Session
(9r1715)

ENROLLED BILL
-- Finance/Economic Matters --

Introduced by **Senators Van Hollen, Teitelbaum, Hollinger, and Dorman**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

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; ~~directing the Health Care Access and Cost Commission to provide a~~
14 certain indication under certain circumstances; providing for certain effective
15 dates for certain provisions of this Act; providing for a delayed effective date for
16 certain provisions of this Act; providing for the application of this Act; and
17 generally relating to health insurance carriers that use managed behavioral

1 health care organizations.

2 BY adding to

3 Article - Health - General

4 Section 19-706(ff)

5 Annotated Code of Maryland

6 (1996 Replacement Volume and 1998 Supplement)

7 BY adding to

8 Article - Insurance

9 Section 15-126

10 Annotated Code of Maryland

11 (1997 Volume and 1998 Supplement)

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

14 **Article - Health - General**

15 19-706.

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

18 **Article - Insurance**

19 15-126.

20 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
21 INDICATED.

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

25 (3) "CARRIER" MEANS:

26 (I) A HEALTH INSURER;

27 (II) A NONPROFIT HEALTH SERVICE PLAN;

28 (III) A HEALTH MAINTENANCE ORGANIZATION;

29 (IV) A PREFERRED PROVIDER ORGANIZATION;

30 (V) A THIRD PARTY ADMINISTRATOR; OR

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

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

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

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

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

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

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

20 (II) "MEMBER" INCLUDES A SUBSCRIBER.

21 (8) "MENTAL HEALTH EXPENSE RATIO" MEANS THE RATIO OF THE
22 TOTAL INCURRED DIRECT CARE EXPENSES FOR BEHAVIORAL HEALTH CARE
23 SERVICES IN RELATION TO THE TOTAL DIRECT PAYMENTS FOR BEHAVIORAL
24 HEALTH CARE SERVICES.

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

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

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

33 (2) THE MEMBER'S RESPONSIBILITIES FOR OBTAINING BEHAVIORAL
34 HEALTH CARE SERVICES;

35 (3) THE REIMBURSEMENT METHODOLOGY THAT THE CARRIER AND
36 MANAGED BEHAVIORAL HEALTH CARE ORGANIZATION USE TO REIMBURSE
37 PROVIDERS FOR BEHAVIORAL HEALTH CARE SERVICES; AND

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

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

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

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

12 Article - Insurance

13 15-126.

14 ~~(D)~~ (E) (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2) OF THIS
 15 SUBSECTION, ON OR BEFORE MARCH 1 OF EACH YEAR, EACH CARRIER THAT
 16 PROVIDES BEHAVIORAL HEALTH CARE SERVICES THROUGH A COMPANY OWNED
 17 WHOLLY OR IN PART BY THE CARRIER OR THROUGH A CONTRACT WITH A MANAGED
 18 BEHAVIORAL HEALTH CARE ORGANIZATION SHALL FILE WITH THE COMMISSIONER,
 19 ON THE FORM REQUIRED BY THE COMMISSIONER, THE MENTAL HEALTH EXPENSE
 20 RATIO FOR THE PROVISION OF BEHAVIORAL HEALTH CARE SERVICES TO MEMBERS.

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

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

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

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

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

31 (1) The Secretary of the Department of Health and Mental Hygiene, or
 32 the Secretary's designee;

33 (2) The Executive Director of the Health Care Access and Cost
 34 Commission, or the Executive Director's designee;

35 (3) The Maryland Insurance Commissioner;

- 1 (4) One representative of the managed behavioral health care
2 organization industry, appointed by the Secretary Health Care Access and Cost
3 Commission;
- 4 (5) Two representatives of carriers that use the services of a managed
5 behavioral health care organization, appointed by the Secretary Health Care Access
6 and Cost Commission;
- 7 (6) One psychologist, appointed by the Maryland Psychological
8 Association;
- 9 (7) One nurse psychotherapist, appointed by the Psychiatric Advanced
10 Practice Nurses of Maryland;
- 11 (8) One psychiatrist, appointed by the Maryland Psychiatric Society; and
- 12 (9) One social worker, appointed by the Maryland Society for Clinical
13 Social Work.
- 14 (c) The Secretary and the Executive Director shall jointly chair of the Health
15 Care Access and Cost Commission shall serve as the Chairman of the Task Force.
- 16 (d) The Task Force shall develop measures of quality for the provision of
17 behavioral health care services to members or enrollees of managed behavioral health
18 care organizations.
- 19 (e) In developing the measures of quality, the Task Force shall consider:
- 20 (1) Discharge rates for members or enrollees who receive inpatient
21 in-patient mental health and substance abuse services;
- 22 (2) The average length of stay for members or enrollees who receive
23 inpatient in-patient mental health and substance abuse services;
- 24 (3) The percentage of enrollees receiving inpatient in-patient and
25 outpatient out-patient services for mental health and substance abuse;
- 26 (4) Readmission rates of members and enrollees who receive inpatient
27 in-patient mental health and substance abuse treatment;
- 28 (5) The level of patient satisfaction with the quality of managed
29 behavioral health care services received; and
- 30 (6) Any other quality measures that the Task Force deems appropriate.
- 31 (f) Subject to § 2-1246 of the State Government Article, the The Task Force
32 shall report its findings to the Senate Finance Committee and the House Economic
33 Matters Committee by December 15, 1999.

34 SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the
35 General Assembly that, if practicable, the Health Care Access and Cost Commission

1 ~~indicate in the annual HMO Performance Report that an HMO has subcontracted for~~
2 ~~managed behavioral health care services.~~

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

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

10 ~~SECTION 4. 5. 4. AND BE IT FURTHER ENACTED, That Section 1 of Sections~~
11 ~~1 and 3 of this Act shall take effect October 1, 1999.~~

12 ~~SECTION 6. 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act~~
13 ~~shall take effect October 1, 2000.~~

14 ~~SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in~~
15 ~~Sections 5 and 6 of this Act, this Act shall take effect June 1, 1999.~~