

SENATE BILL 585

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1999 Regular Session
9r1715
CF 9r1716

By: **Senators Van Hollen, Teitelbaum, Hollinger, and Dorman**
Introduced and read first time: February 5, 1999
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Managed Behavioral Health Care Organizations -**
3 **Explanations and Expense Ratios**

4 FOR the purpose of requiring a carrier that owns or contracts with a managed
5 behavioral health care organization to distribute a certain explanation to the
6 members of the carrier; specifying certain information that the explanation
7 must include; requiring a carrier to file a certain expense ratio; providing for a
8 certain exception; requiring the Insurance Commissioner to adopt certain
9 regulations; defining certain terms; providing for the application of this Act; and
10 generally relating to health insurance carriers that use managed behavioral
11 health care organizations.

12 BY adding to
13 Article - Health - General
14 Section 19-706(ff)
15 Annotated Code of Maryland
16 (1996 Replacement Volume and 1998 Supplement)

17 BY adding to
18 Article - Insurance
19 Section 15-126
20 Annotated Code of Maryland
21 (1997 Volume and 1998 Supplement)

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

24 **Article - Health - General**

25 19-706.

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

Article - Insurance

1

2 15-126.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
4 INDICATED.

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

8 (3) "CARRIER" MEANS:

9 (I) A HEALTH INSURER;

10 (II) A NONPROFIT HEALTH SERVICE PLAN;

11 (III) A HEALTH MAINTENANCE ORGANIZATION;

12 (IV) A PREFERRED PROVIDER ORGANIZATION;

13 (V) A THIRD PARTY ADMINISTRATOR;

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

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

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

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

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

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

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

33 (II) "MEMBER" INCLUDES A SUBSCRIBER.

1 (8) "MENTAL HEALTH EXPENSE RATIO" MEANS THE RATIO OF THE
2 TOTAL INCURRED DIRECT CARE EXPENSES FOR BEHAVIORAL HEALTH CARE
3 SERVICES IN RELATION TO THE TOTAL DIRECT PAYMENTS FOR BEHAVIORAL
4 HEALTH CARE SERVICES.

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

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

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

13 (2) THE MEMBER'S RESPONSIBILITIES FOR OBTAINING BEHAVIORAL
14 HEALTH CARE SERVICES;

15 (3) THE REIMBURSEMENT METHODOLOGY THAT THE CARRIER AND
16 MANAGED BEHAVIORAL HEALTH CARE ORGANIZATION USE TO REIMBURSE
17 PROVIDERS FOR BEHAVIORAL HEALTH CARE SERVICES; AND

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

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

25 (D) (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION,
26 ON OR BEFORE MARCH 1 OF EACH YEAR, EACH CARRIER THAT PROVIDES
27 BEHAVIORAL HEALTH CARE SERVICES THROUGH A COMPANY OWNED WHOLLY OR IN
28 PART BY THE CARRIER OR THROUGH A CONTRACT WITH A MANAGED BEHAVIORAL
29 HEALTH CARE ORGANIZATION SHALL FILE WITH THE COMMISSIONER, ON THE FORM
30 REQUIRED BY THE COMMISSIONER, THE MENTAL HEALTH EXPENSE RATIO FOR THE
31 PROVISION OF BEHAVIORAL HEALTH CARE SERVICES TO MEMBERS.

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

36 (E) THE COMMISSIONER SHALL ADOPT REGULATIONS TO CARRY OUT THE
37 PROVISIONS OF THIS SECTION.

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

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

8 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 1999.