

SENATE BILL 585

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

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 18, 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; 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 the application of this Act;
16 and generally relating to health insurance carriers that use managed behavioral
17 health care organizations.

18 BY adding to
19 Article - Health - General
20 Section 19-706(ff)
21 Annotated Code of Maryland
22 (1996 Replacement Volume and 1998 Supplement)

23 BY adding to
24 Article - Insurance
25 Section 15-126

1 Annotated Code of Maryland
2 (1997 Volume and 1998 Supplement)

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

5 **Article - Health - General**

6 19-706.

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

9 **Article - Insurance**

10 15-126.

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

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

16 (3) "CARRIER" MEANS:

17 (I) A HEALTH INSURER;

18 (II) A NONPROFIT HEALTH SERVICE PLAN;

19 (III) A HEALTH MAINTENANCE ORGANIZATION;

20 (IV) A PREFERRED PROVIDER ORGANIZATION;

21 (V) A THIRD PARTY ADMINISTRATOR; OR

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

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

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

31 (6) "MANAGED BEHAVIORAL HEALTH CARE ORGANIZATION" MEANS A
32 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~~ POLICY OR PLAN
8 ISSUED OR 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 Secretary of the Department of Health and Mental Hygiene, or
21 the Secretary's designee;

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

24 (3) The Maryland Insurance Commissioner;

25 (4) One representative of the managed behavioral health care
26 organization industry, appointed by the Secretary;

27 (5) Two representatives of carriers that use the services of a managed
28 behavioral health care organization, appointed by the Secretary;

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

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

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

34 (9) One social worker, appointed by the Maryland Society for Clinical
35 Social Work.

1 (c) The Secretary and the Executive Director shall jointly chair the Task
2 Force.

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

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

7 (1) Discharge rates for members or enrollees who receive inpatient
8 mental health and substance abuse services;

9 (2) The average length of stay for members or enrollees who receive
10 inpatient mental health and substance abuse services;

11 (3) The percentage of enrollees receiving inpatient and outpatient
12 services for mental health and substance abuse;

13 (4) Readmission rates of members and enrollees who receive inpatient
14 mental health and substance abuse treatment;

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

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

18 (f) Subject to § 2-1246 of the State Government Article, the Task Force shall
19 report its findings to the Senate Finance Committee and the House Economic Matters
20 Committee by December 15, 1999.

21 SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the
22 General Assembly that, if practicable, the Health Care Access and Cost Commission
23 indicate in the annual HMO Performance Report that an HMO has subcontracted for
24 managed behavioral health care services.

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

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

32 SECTION 4. 5. AND BE IT FURTHER ENACTED, That Section 1 of this Act
33 shall take effect October 1, 1999.

34 SECTION 6. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
35 take effect October 1, 2000.

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