

SENATE BILL 625

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1999 Regular Session
(9r1903)

ENROLLED BILL
-- Finance/Economic Matters --

Introduced by **Senator Bromwell**

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 **Mandated Health Insurance Services - Cost Determination**

3 FOR the purpose of requiring the Health Care Access and Cost Commission to
4 determine the full cost of mandated health insurance services; requiring the
5 Commission to express the full cost of mandated health insurance services as a
6 percentage of the State's average annual wage; requiring the Commission to
7 express the full cost of mandated health insurance services as a percentage of
8 certain health insurance premium; requiring the Commission to report certain
9 information to the Governor and the General Assembly; requiring the
10 Commission to perform a certain evaluation at a certain time; authorizing the
11 General Assembly to consider certain information in making certain
12 determinations; defining a certain term; altering the date that a certain annual
13 report is due; making a technical correction; and generally relating to mandated
14 health insurance services.

15 BY repealing and reenacting, with amendments,
16 Article - Health - General

1 Section 19-1501 and 19-1502
2 Annotated Code of Maryland
3 (1996 Replacement Volume and 1998 Supplement)

4 BY repealing and reenacting, with amendments,
5 Article - Insurance
6 Section 15-1501
7 Annotated Code of Maryland
8 (1997 Volume and 1998 Supplement)

9 BY adding to
10 Article - Insurance
11 Section 15-1502
12 Annotated Code of Maryland
13 (1997 Volume and 1998 Supplement)

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

16 **Article - Health - General**

17 19-1501.

18 (a) In this subtitle the following words have the meanings indicated.

19 (b) "Commission" means the Maryland Health Care Access and Cost
20 Commission.

21 (c) "Comprehensive standard health benefit plan" means the comprehensive
22 standard health benefit plan adopted in accordance with § 15-1207 of the Insurance
23 Article.

24 (d) (1) "Health care provider" means:

25 (i) A person who is licensed, certified, or otherwise authorized
26 under the Health Occupations Article to provide health care in the ordinary course of
27 business or practice of a profession or in an approved education or training program;
28 or

29 (ii) A facility where health care is provided to patients or recipients,
30 including a facility as defined in § 10-101(e) of this article, a hospital as defined in §
31 19-301(f) of this article, a related institution as defined in § 19-301(n) of this article,
32 a health maintenance organization as defined in § 19-701(e) of this article, an
33 outpatient clinic, and a medical laboratory.

34 (2) "Health care provider" includes the agents and employees of a facility
35 who are licensed or otherwise authorized to provide health care, the officers and

1 directors of a facility, and the agents and employees of a health care provider who are
2 licensed or otherwise authorized to provide health care.

3 (e) "Health care practitioner" means any person that provides health care
4 services and is licensed under the Health Occupations Article.

5 (f) "Health care service" means any health or medical care procedure or
6 service rendered by a health care practitioner that:

7 (1) Provides testing, diagnosis, or treatment of human disease or
8 dysfunction; or

9 (2) Dispenses drugs, medical devices, medical appliances, or medical
10 goods for the treatment of human disease or dysfunction.

11 (G) (1) "MANDATED HEALTH INSURANCE SERVICE" MEANS A LEGISLATIVE
12 PROPOSAL OR STATUTE THAT WOULD REQUIRE A PARTICULAR HEALTH CARE
13 SERVICE TO BE PROVIDED OR OFFERED IN A HEALTH BENEFIT PLAN, BY A CARRIER
14 OR OTHER ORGANIZATION AUTHORIZED TO PROVIDE HEALTH BENEFIT PLANS IN
15 THE STATE.

16 (2) "MANDATED HEALTH INSURANCE SERVICE", AS APPLICABLE TO ALL
17 CARRIERS, DOES NOT INCLUDE SERVICES ENUMERATED TO DESCRIBE A HEALTH
18 MAINTENANCE ORGANIZATION UNDER ~~§ 19-702(F)(2)~~ § 19-701(F)(2) OF THIS TITLE.

19 [(g)] (H) (1) "Office facility" means the office of one or more health care
20 practitioners in which health care services are provided to individuals.

21 (2) "Office facility" includes a facility that provides:

22 (i) Ambulatory surgery;

23 (ii) Radiological or diagnostic imagery; or

24 (iii) Laboratory services.

25 (3) "Office facility" does not include any office, facility, or service
26 operated by a hospital and regulated under Subtitle 2 of this title.

27 [(h)] (I) "Payor" means:

28 (1) A health insurer or nonprofit health service plan that holds a
29 certificate of authority and provides health insurance policies or contracts in the
30 State in accordance with this article or the Insurance Article;

31 (2) A health maintenance organization that holds a certificate of
32 authority in the State; or

33 (3) A third party administrator as defined in § 15-111 of the Insurance
34 Article.

1 19-1502.

2 (a) There is a Maryland Health Care Access and Cost Commission.

3 (b) The Commission is an independent commission that functions in the
4 Department.

5 (c) The purpose of the Commission is to:

6 (1) Develop health care cost containment strategies to help provide
7 access to appropriate quality health care services for all Marylanders, after
8 consulting with the Health Resources Planning Commission and the Health Services
9 Cost Review Commission;

10 (2) Facilitate the public disclosure of medical claims data for the
11 development of public policy;

12 (3) Establish and develop a medical care data base on health care
13 services rendered by health care practitioners;

14 (4) Encourage the development of clinical resource management systems
15 to permit the comparison of costs between various treatment settings and the
16 availability of information to consumers, providers, and purchasers of health care
17 services;

18 (5) In accordance with Title 15, Subtitle 12 of the Insurance Article,
19 develop:

20 (i) A uniform set of effective benefits to be included in the
21 Comprehensive Standard Health Benefit Plan; and

22 (ii) A modified health benefit plan for medical savings accounts;

23 (6) Analyze the medical care data base and provide, in aggregate form,
24 an annual report on the variations in costs associated with health care practitioners;

25 (7) Ensure utilization of the medical care data base as a primary means
26 to compile data and information and annually report on trends and variances
27 regarding fees for service, cost of care, regional and national comparisons, and
28 indications of malpractice situations;

29 (8) Develop a payment system for health care services;

30 (9) Establish standards for the operation and licensing of medical care
31 electronic claims clearinghouses in Maryland;

32 (10) Foster the development of practice parameters;

33 (11) Reduce the costs of claims submission and the administration of
34 claims for health care practitioners and payors; [and]

1 (12) Develop a uniform set of effective benefits to be offered as
 2 substantial, available, and affordable coverage in the nongroup market in accordance
 3 with § 15-606 of the Insurance Article; AND

4 (13) DETERMINE THE COST OF MANDATED HEALTH INSURANCE
 5 SERVICES IN THE STATE IN ACCORDANCE WITH TITLE 15, SUBTITLE 15 OF THE
 6 INSURANCE ARTICLE.

7 **Article - Insurance**

8 15-1501.

9 (a) (1) In this [section] SUBTITLE the following words have the meanings
 10 indicated.

11 (2) "Commission" means the Health Care Access and Cost Commission.

12 (3) (i) "Mandated health insurance service" means a legislative
 13 proposal or statute that would require a particular health care service to be provided
 14 or offered in a health benefit plan, by a carrier or other organization authorized to
 15 provide health benefit plans in the State.

16 (ii) "Mandated health insurance service", as applicable to all
 17 carriers, does not include services enumerated to describe a health maintenance
 18 organization under ~~§ 19-702(F)(2)~~ § 19-701(F)(2) of the Health - General Article.

19 (b) This [section] SUBTITLE does not affect the ability of the General
 20 Assembly to enact legislation on mandated health insurance services.

21 (c) (1) The Commission shall assess the social, medical, and financial
 22 impacts of a proposed mandated health insurance service.

23 (2) In assessing a proposed mandated health insurance service and to
 24 the extent that information is available, the Commission shall consider:

25 (i) social impacts, including:

26 1. the extent to which the service is generally utilized by a
 27 significant portion of the population;

28 2. the extent to which the insurance coverage is already
 29 generally available;

30 3. if coverage is not generally available, the extent to which
 31 the lack of coverage results in individuals avoiding necessary health care treatments;

32 4. if coverage is not generally available, the extent to which
 33 the lack of coverage results in unreasonable financial hardship;

34 5. the level of public demand for the service;

1 (2) IN MAKING ITS DETERMINATION, THE COMMISSION SHALL
2 CONSIDER THE FULL COST OF THE EXISTING MANDATED HEALTH INSURANCE
3 SERVICES:

4 (I) UNDER A TYPICAL GROUP AND INDIVIDUAL HEALTH BENEFIT
5 PLAN IN THIS STATE;

6 (II) UNDER THE STATE EMPLOYEE HEALTH BENEFIT PLAN FOR
7 MEDICAL COVERAGE; AND

8 (III) UNDER THE COMPREHENSIVE STANDARD HEALTH BENEFIT
9 PLAN AS DEFINED IN § 15-1201(N) OF THIS TITLE.

10 [(d)] (E) Subject to the limitations of the State budget, the Commission may
11 contract for actuarial services and other professional services to carry out the
12 provisions of this section.

13 [(e)] (F) (1) On or before December 31, 1998, and each December [1] 31
14 thereafter, the Commission shall submit a report on its findings, including any
15 recommendations, to the Governor and, subject to § 2-1246 of the State Government
16 Article, the General Assembly.

17 (2) THE ANNUAL REPORT PREPARED BY THE COMMISSION SHALL
18 INCLUDE AN EVALUATION OF ANY MANDATED HEALTH INSURANCE SERVICE
19 ENACTED, LEGISLATIVELY PROPOSED, OR OTHERWISE SUBMITTED TO THE
20 COMMISSION BY A MEMBER OF THE GENERAL ASSEMBLY PRIOR TO JULY 1 OF THAT
21 YEAR.

22 15-1502.

23 (A) IF, IN ACCORDANCE WITH § 15-1501(D) OF THIS SUBTITLE, THE
24 COMMISSION DETERMINES THAT THE FULL COST OF MANDATED HEALTH
25 INSURANCE SERVICES IS EQUIVALENT TO OR EXCEEDS 2.2% OF THE STATE'S
26 AVERAGE ANNUAL WAGE, THE COMMISSION:

27 (1) SHALL EVALUATE THE SOCIAL, MEDICAL, AND FINANCIAL IMPACT
28 OF EACH EXISTING MANDATED HEALTH INSURANCE SERVICE IN ACCORDANCE WITH
29 THE METHOD ESTABLISHED FOR EVALUATING PROPOSED MANDATED HEALTH
30 INSURANCE SERVICES UNDER § 15-1501(C) OF THIS SUBTITLE; AND

31 (2) SHALL SUBMIT A REPORT ON ITS FINDINGS TO THE GENERAL
32 ASSEMBLY, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, ON OR
33 BEFORE OCTOBER 1 OF THE FOLLOWING YEAR.

34 (B) THE GENERAL ASSEMBLY MAY CONSIDER THE INFORMATION PROVIDED
35 UNDER SUBSECTION (A) OF THIS SECTION IN DETERMINING:

36 (1) WHETHER TO ENACT PROPOSED MANDATED HEALTH INSURANCE
37 SERVICES; AND

1 (2) WHETHER TO REPEAL EXISTING MANDATED HEALTH INSURANCE
2 SERVICES.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 1999.