

SENATE BILL 625

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1999 Regular Session
9r1903
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By: **Senator Bromwell**

Introduced and read first time: February 5, 1999

Assigned to: Finance

A BILL ENTITLED

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; and generally relating to mandated health insurance services.

14 BY repealing and reenacting, with amendments,
15 Article - Health - General
16 Section 19-1501 and 19-1502
17 Annotated Code of Maryland
18 (1996 Replacement Volume and 1998 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article - Insurance
21 Section 15-1501
22 Annotated Code of Maryland
23 (1997 Volume and 1998 Supplement)

24 BY adding to
25 Article - Insurance
26 Section 15-1502
27 Annotated Code of Maryland
28 (1997 Volume and 1998 Supplement)

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

3 **Article - Health - General**

4 19-1501.

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

6 (b) "Commission" means the Maryland Health Care Access and Cost
7 Commission.

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

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

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

16 (ii) A facility where health care is provided to patients or recipients,
17 including a facility as defined in § 10-101(e) of this article, a hospital as defined in §
18 19-301(f) of this article, a related institution as defined in § 19-301(n) of this article,
19 a health maintenance organization as defined in § 19-701(e) of this article, an
20 outpatient clinic, and a medical laboratory.

21 (2) "Health care provider" includes the agents and employees of a facility
22 who are licensed or otherwise authorized to provide health care, the officers and
23 directors of a facility, and the agents and employees of a health care provider who are
24 licensed or otherwise authorized to provide health care.

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

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

29 (1) Provides testing, diagnosis, or treatment of human disease or
30 dysfunction; or

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

33 (G) (1) "MANDATED HEALTH INSURANCE SERVICE" MEANS A LEGISLATIVE
34 PROPOSAL OR STATUTE THAT WOULD REQUIRE A PARTICULAR HEALTH CARE
35 SERVICE TO BE PROVIDED OR OFFERED IN A HEALTH BENEFIT PLAN, BY A CARRIER

1 OR OTHER ORGANIZATION AUTHORIZED TO PROVIDE HEALTH BENEFIT PLANS IN
2 THE STATE.

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

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

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

9 (i) Ambulatory surgery;

10 (ii) Radiological or diagnostic imagery; or

11 (iii) Laboratory services.

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

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

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

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

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

22 19-1502.

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

24 (b) The Commission is an independent commission that functions in the
25 Department.

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

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

31 (2) Facilitate the public disclosure of medical claims data for the
32 development of public policy;

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

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

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

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

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

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

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

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

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

21 (10) Foster the development of practice parameters;

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

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

27 (13) DETERMINE THE COST OF MANDATED HEALTH INSURANCE
28 SERVICES IN THE STATE IN ACCORDANCE WITH TITLE 15, SUBTITLE 15 OF THE
29 INSURANCE ARTICLE.

30 **Article - Insurance**

31 15-1501.

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

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

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

5 (ii) "Mandated health insurance service", as applicable to all
6 carriers, does not include services enumerated to describe a health maintenance
7 organization under § 19-702(f)(2) of the Health - General Article.

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

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

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

14 (i) social impacts, including:

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

17 2. the extent to which the insurance coverage is already
18 generally available;

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

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

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

24 6. the level of public demand for insurance coverage of the
25 service;

26 7. the level of interest of collective bargaining agents in
27 negotiating privately for inclusion of this coverage in group contracts; and

28 8. the extent to which the mandated health insurance service
29 is covered by self-funded employer groups of employers in the State who employ at
30 least 500 employees;

31 (ii) medical impacts, including:

32 1. the extent to which the service is generally recognized by
33 the medical community as being effective and efficacious in the treatment of patients;

1 2. the extent to which the service is generally recognized by
 2 the medical community as demonstrated by a review of scientific and peer review
 3 literature; and

4 3. the extent to which the service is generally available and
 5 utilized by treating physicians; and

6 (iii) financial impacts, including:

7 1. the extent to which the coverage will increase or decrease
 8 the cost of the service;

9 2. the extent to which the coverage will increase the
 10 appropriate use of the service;

11 3. the extent to which the mandated service will be a
 12 substitute for a more expensive service;

13 4. the extent to which the coverage will increase or decrease
 14 the administrative expenses of insurers and the premium and administrative
 15 expenses of policy holders;

16 5. the impact of this coverage on the total cost of health care;
 17 and

18 6. the impact of all mandated health insurance services on
 19 employers' ability to purchase health benefits policies meeting their employees' needs.

20 (D) (1) IN ADDITION TO THE INFORMATION REQUIRED UNDER SUBSECTION
 21 (C) OF THIS SECTION, THE COMMISSION SHALL ANNUALLY DETERMINE THE FULL
 22 COST OF ALL EXISTING MANDATED HEALTH INSURANCE SERVICES IN THE STATE:

23 (I) AS A PERCENTAGE OF MARYLAND'S AVERAGE ANNUAL WAGE;
 24 AND

25 (II) AS A PERCENTAGE OF HEALTH INSURANCE PREMIUMS.

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

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

31 (II) UNDER THE STATE EMPLOYEE HEALTH BENEFIT PLAN FOR
 32 MEDICAL COVERAGE; AND

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

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

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

8 (2) THE ANNUAL REPORT PREPARED BY THE COMMISSION SHALL
9 INCLUDE AN EVALUATION OF ANY MANDATED HEALTH INSURANCE SERVICE
10 ENACTED, LEGISLATIVELY PROPOSED, OR OTHERWISE SUBMITTED TO THE
11 COMMISSION BY A MEMBER OF THE GENERAL ASSEMBLY PRIOR TO JULY 1 OF THAT
12 YEAR.

13 15-1502.

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

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

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

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

27 (1) WHETHER TO ENACT PROPOSED MANDATED HEALTH INSURANCE
28 SERVICES; AND

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

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