

SENATE BILL 625

Unofficial Copy
C3

1999 Regular Session
9r1903
CF 9r1073

By: **Senator Bromwell**

Introduced and read first time: February 5, 1999

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 26, 1999

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; 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

1 Article - Insurance
2 Section 15-1502
3 Annotated Code of Maryland
4 (1997 Volume and 1998 Supplement)

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

7 **Article - Health - General**

8 19-1501.

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

10 (b) "Commission" means the Maryland Health Care Access and Cost
11 Commission.

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

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

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

20 (ii) A facility where health care is provided to patients or recipients,
21 including a facility as defined in § 10-101(e) of this article, a hospital as defined in §
22 19-301(f) of this article, a related institution as defined in § 19-301(n) of this article,
23 a health maintenance organization as defined in § 19-701(e) of this article, an
24 outpatient clinic, and a medical laboratory.

25 (2) "Health care provider" includes the agents and employees of a facility
26 who are licensed or otherwise authorized to provide health care, the officers and
27 directors of a facility, and the agents and employees of a health care provider who are
28 licensed or otherwise authorized to provide health care.

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

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

33 (1) Provides testing, diagnosis, or treatment of human disease or
34 dysfunction; or

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

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

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

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

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

12 (i) Ambulatory surgery;

13 (ii) Radiological or diagnostic imagery; or

14 (iii) Laboratory services.

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

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

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

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

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

25 19-1502.

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

27 (b) The Commission is an independent commission that functions in the
 28 Department.

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

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

- 1 (2) Facilitate the public disclosure of medical claims data for the
2 development of public policy;
- 3 (3) Establish and develop a medical care data base on health care
4 services rendered by health care practitioners;
- 5 (4) Encourage the development of clinical resource management systems
6 to permit the comparison of costs between various treatment settings and the
7 availability of information to consumers, providers, and purchasers of health care
8 services;
- 9 (5) In accordance with Title 15, Subtitle 12 of the Insurance Article,
10 develop:
- 11 (i) A uniform set of effective benefits to be included in the
12 Comprehensive Standard Health Benefit Plan; and
- 13 (ii) A modified health benefit plan for medical savings accounts;
- 14 (6) Analyze the medical care data base and provide, in aggregate form,
15 an annual report on the variations in costs associated with health care practitioners;
- 16 (7) Ensure utilization of the medical care data base as a primary means
17 to compile data and information and annually report on trends and variances
18 regarding fees for service, cost of care, regional and national comparisons, and
19 indications of malpractice situations;
- 20 (8) Develop a payment system for health care services;
- 21 (9) Establish standards for the operation and licensing of medical care
22 electronic claims clearinghouses in Maryland;
- 23 (10) Foster the development of practice parameters;
- 24 (11) Reduce the costs of claims submission and the administration of
25 claims for health care practitioners and payors; [and]
- 26 (12) Develop a uniform set of effective benefits to be offered as
27 substantial, available, and affordable coverage in the nongroup market in accordance
28 with § 15-606 of the Insurance Article; AND
- 29 (13) **DETERMINE THE COST OF MANDATED HEALTH INSURANCE**
30 **SERVICES IN THE STATE IN ACCORDANCE WITH TITLE 15, SUBTITLE 15 OF THE**
31 **INSURANCE ARTICLE.**

Article - Insurance

1 15-1501.

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

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

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

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

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

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

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

18 (i) social impacts, including:

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

21 2. the extent to which the insurance coverage is already
22 generally available;

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

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

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

28 6. the level of public demand for insurance coverage of the
29 service;

30 7. the level of interest of collective bargaining agents in
31 negotiating privately for inclusion of this coverage in group contracts; and
32

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

4 (ii) medical impacts, including:

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

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

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

12 (iii) financial impacts, including:

13 1. the extent to which the coverage will increase or decrease
14 the cost of the service;

15 2. the extent to which the coverage will increase the
16 appropriate use of the service;

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

19 4. the extent to which the coverage will increase or decrease
20 the administrative expenses of insurers and the premium and administrative
21 expenses of policy holders;

22 5. the impact of this coverage on the total cost of health care;
23 and

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

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

29 (I) AS A PERCENTAGE OF MARYLAND'S AVERAGE ANNUAL WAGE;
30 AND

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

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

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

3 (II) UNDER THE STATE EMPLOYEE HEALTH BENEFIT PLAN FOR
4 MEDICAL COVERAGE; AND

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

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

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

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

19 15-1502.

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

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

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

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

33 (1) WHETHER TO ENACT PROPOSED MANDATED HEALTH INSURANCE
34 SERVICES; AND

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

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