SB 190

Department of Legislative Services

Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

Senate Bill 190 (Chairman, Finance Committee)
(Departmental - Insurance Administration, Maryland)

Finance

Health Insurance - Private Review Agents

This departmental bill provides that if a health insurance carrier delegates its internal grievance process to a private review agent (PRA), the PRA must establish an internal grievance process.

This bill takes effect January 1, 2001.

Fiscal Summary

State Effect: Expenditures for the State Employee Health Benefits Plan may increase by a minimal amount. Minimal general fund revenue increase from the State's 2% insurance premium tax on for-profit carriers. Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the $125 rate and form filing fee. No effect on Medicaid.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase if carriers raise their premiums as a result of the bill's requirements. Revenues would not be affected.

Small Business Effect: The MIA has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill).

Analysis

Bill Summary: The internal grievance process must meet the same statutory standards as a carrier's internal grievance process. The PRA must file a copy of the internal grievance process with the MIA. A PRA must also notify the MIA of any change in corporate ownership, medical director, or chief executive officer, as well as any change in contact information or the PRA's scope of responsibility. In addition, the bill requires a PRA to submit new utilization review criteria and standards to the MIA within ten days before they are used. A PRA must advise the Commissioner of its intention to withdraw its certificate within 60 days of intention to cease operations, and must submit the certificate to the Insurance Commissioner within 30 days after the PRA has ceased operations.

A PRA must be certified to operate and a carrier cannot contract with a PRA that does not hold a certificate. The bill also provides that the Commissioner may issue a cease-and-desist order prohibiting an uncertified PRA from doing business.

Current Law: The MIA currently regulates private review agents; however, private review agents are not currently required to have an internal grievance process.

Background: Chapters 111 and 112 of 1998 gave the Insurance Commissioner regulatory oversight over PRAs, partly in response to their increased role in the health insurance market, reviewing and often denying claims. The MIA advises that the bill's provisions allow the Commissioner to regulate PRAs more effectively.

State Fiscal Effect: The bill requires a PRA to have an internal grievance process. To the extent that this requirement makes carrier expenditures increase for claims its PRA could formerly deny, a carrier may pass the increased costs on to the State as increased premiums. Any increase is expected to be minimal. The bill's requirements do not apply, and therefore would not affect, the Medicaid program.

Additional Information

Prior Introductions: None.

Cross File: HB 412 (Departmental - Insurance Administration, Maryland) - Economic Matters.

Information Source(s): Maryland Insurance Administration, Department of Budget and Management (Employee Benefits Division), Department of Health and Mental Hygiene (Health Care Commission), Office of the Attorney General (Consumer Protection Division), CareFirst of Maryland, Department of Legislative Services

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