

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 59 (Delegate Dembrow)

Economic Matters

Health Insurance - Adverse Decisions and Grievance Decisions - Notification Requirements

This bill requires an insurer, a nonprofit health service plan, or an HMO (carrier) to include appeals and grievance information in its initial letter notifying an enrollee of an adverse decision, which the carrier must send within five working days after the adverse decision has been rendered. The bill also repeals the requirement that the carrier send this information to an enrollee within two working days after initial contact with the enrollee.

Fiscal Summary

State Effect: None. Any additional filings with the Maryland Insurance Administration (MIA) could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill abolishes the requirement that carriers send appeals and grievance procedure information to an enrollee within two working days of the enrollee's initial contact with the carrier regarding an adverse decision. Instead, the bill requires a carrier to orally communicate the adverse decision to the enrollee. The carrier must also provide appeals and grievance procedure information in its initial notification letter to an enrollee, which the carrier must send within five working days after the adverse decision has been rendered. A carrier must inform an enrollee of: (1) the specific factual bases for the carrier's decision; (2)

the specific criteria and standards, including interpretive guidelines, on which the decision was based; (3) the name, address, and telephone number of the carrier's medical director; (4) the carrier's internal grievance procedure; (5) the enrollee's right to file a complaint with the Insurance Commissioner within 30 days of the adverse decision; (6) the enrollee's right to file a complaint with the Insurance Commissioner without first filing a grievance if the enrollee can demonstrate a compelling reason to do so; (7) the availability of the Health Advocacy Unit to assist the enrollee in both mediating and filing a grievance; (8) the address, telephone number, fax number, and e-mail address of the Health Advocacy Unit; and (9) the address, telephone number, and fax number of the Insurance Commissioner.

The bill also requires similar notification and complaint information requirements for grievance decisions.

Current Law: If an enrollee contacts the carrier about an adverse decision, the carrier must send grievance process information to the enrollee within two working days. In addition, the carrier must send written grievance process information to the enrollee within five working days after an adverse decision has been rendered.

Background: Chapter 112 of 1998 enacted the appeals and grievance procedures required by carriers and the MIA. Currently, there are two circumstances in which a carrier who has rendered an adverse decision against an enrollee is required to give the enrollee information about the appeals and grievance procedure: (1) within two working days if an enrollee contacts the carrier about the adverse decision; and (2) within five working days after an adverse decision is made, regardless of whether the enrollee has made contact with the carrier. These requirements have resulted in a carrier's often notifying an enrollee about an adverse decision and the enrollee's grievance rights twice within a five-day period.

State Effect: Insurance carriers may have to amend their grievance procedures to reflect the changes in notification requirements. Any carrier grievance procedures that have been changed must be filed with MIA. Any additional filings could be handled with existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration, Department of Budget and Management (Employee Benefits Division), Department of Health and Mental Hygiene

(Medicaid, Office of Health Care Quality, Maryland Health Care Commission), Department of Legislative Services

Fiscal Note History: First Reader - February 8, 2000

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Revised - House Third Reader - March 20, 2000

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