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By: **Delegate Sher**  
Introduced and read first time: February 8, 2002  
Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2                                   **Health Insurance - Benefits for Treatment of Mental Illnesses, Emotional**  
3                                   **Disorders, and Drug and Alcohol Abuse**

4 FOR the purpose of establishing that it is not discriminatory with respect to an  
5 individual with a mental illness, emotional disorder, drug abuse disorder, or  
6 alcohol abuse disorder if a certain policy or contract of health insurance provides  
7 a range of certain services that allow certain medically necessary treatment to  
8 take place in a certain clinical setting; prohibiting a certain policy or contract  
9 from having separate limitations on frequency or duration of treatment for  
10 physical illnesses and certain other illnesses; requiring a carrier to make a  
11 determination whether certain treatment is medically necessary in a certain  
12 manner; and generally relating to benefits for the treatment of mental illnesses,  
13 emotional disorders, and drug and alcohol abuse under health insurance.

14 BY repealing and reenacting, with amendments,  
15 Article - Insurance  
16 Section 15-802  
17 Annotated Code of Maryland  
18 (1997 Volume and 2001 Supplement)

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

21                                   **Article - Insurance**

22 15-802.

23       (a)     (1)     In this section the following words have the meanings indicated.

24                   (2)     "Alcohol abuse" has the meaning stated in § 8-101 of the Health -  
25 General Article.

26                   (3)     "Drug abuse" has the meaning stated in § 8-101 of the Health -  
27 General Article.

1           (4)     "Managed care system" means a system of cost containment methods  
2 that a carrier uses to review and preauthorize a treatment plan developed by a health  
3 care provider for a covered individual in order to control utilization, quality, and  
4 claims.

5           (5)     "Partial hospitalization" means the provision of medically directed  
6 intensive or intermediate short-term treatment:

7                   (i)     to an insured, subscriber, or member;

8                   (ii)    in a licensed or certified facility or program;

9                   (iii)   for mental illness, emotional disorders, drug abuse, or alcohol  
10 abuse; and

11                   (iv)   for a period of less than 24 hours but more than 4 hours in a  
12 day.

13   (b)     This section applies to each health insurance policy or contract that is  
14 delivered or issued for delivery in the State to an employer or individual on a group or  
15 individual basis and that provides coverage on an expense-incurred basis.

16   (c)     A policy or contract subject to this section may not discriminate against an  
17 individual with a mental illness, emotional disorder, drug abuse disorder, or alcohol  
18 abuse disorder by failing to provide benefits for the diagnosis and treatment of these  
19 illnesses under the same terms and conditions that apply under the policy or contract  
20 for the diagnosis and treatment of physical illnesses.

21   (d)     It is not discriminatory under subsection (c) of this section if at least the  
22 following benefits are provided:

23           (1)     with respect to inpatient benefits for services provided in a licensed  
24 or certified facility, including hospital inpatient benefits, the total number of days for  
25 which benefits are payable and the terms and conditions that apply to those benefits  
26 are at least equal to those that apply to the benefits available under the policy or  
27 contract for physical illnesses;

28           (2)     subject to subsection [(g)] (H) of this section, with respect to benefits  
29 for partial hospitalization, at least 60 days of partial hospitalization are covered  
30 under the same terms and conditions that apply to the benefits available under the  
31 policy or contract for physical illnesses; [and]

32           (3)     with respect to outpatient coverage, other than for inpatient or  
33 partial hospitalization services, benefits for covered expenses arising from services  
34 provided to treat mental illnesses, emotional disorders, drug abuse, or alcohol abuse  
35 are at a rate that, after the applicable deductible, is not less than:

36                   (i)     80% for the first five visits in a calendar year or benefit period  
37 of not more than 12 months;

1 (ii) 65% for the 6th through 30th visit in a calendar year or benefit  
2 period of not more than 12 months; and

3 (iii) 50% for the 31st visit and any subsequent visit in a calendar  
4 year or benefit period of not more than 12 months; AND

5 (4) A RANGE OF INPATIENT, INTERMEDIATE, AND OUTPATIENT  
6 SERVICES THAT ALLOW MEDICALLY NECESSARY AND ACTIVE AND NONCUSTODIAL  
7 TREATMENT TO TAKE PLACE IN THE LEAST RESTRICTIVE CLINICALLY APPROPRIATE  
8 SETTING ARE PROVIDED, INCLUDING:

9 (I) RESIDENTIAL TREATMENT PROGRAMS;

10 (II) REHABILITATIVE SERVICES; AND

11 (III) CRISIS INTERVENTION SERVICES THAT PROVIDE UP TO 30 DAYS  
12 OF INPATIENT OR RESIDENTIAL CARE.

13 (e) (1) The benefits under this section are required only for expenses arising  
14 from the treatment of mental illnesses, emotional disorders, drug abuse, or alcohol  
15 abuse if, in the professional judgment of health care providers:

16 (i) the mental illness, emotional disorder, drug abuse, or alcohol  
17 abuse is treatable; and

18 (ii) the treatment is medically necessary.

19 (2) The benefits required under this section:

20 (i) shall be provided as one set of benefits covering mental  
21 illnesses, emotional disorders, drug abuse, and alcohol abuse;

22 (ii) shall have the same terms and conditions as the benefits for  
23 physical illnesses covered under the policy or contract subject to this section, except  
24 as specifically provided in this section; and

25 (iii) may be delivered under a managed care system.

26 (3) Except for the coinsurance requirements under subsection (d)(3) of  
27 this section, a policy or contract subject to this section may not have:

28 (i) separate lifetime maximums for physical illnesses and illnesses  
29 covered under this section;

30 (ii) separate deductibles and coinsurance amounts for physical  
31 illnesses and illnesses covered under this section; [or]

32 (iii) separate out-of-pocket limits in a benefit period of not more  
33 than 12 months for physical illnesses and illnesses covered under this section; OR

1 (IV) SEPARATE LIMITATIONS ON FREQUENCY OR DURATION OF  
2 TREATMENT FOR PHYSICAL ILLNESSES AND ILLNESSES COVERED UNDER THIS  
3 SECTION.

4 (4) Any copayments required under a policy or contract subject to this  
5 section for benefits for illnesses covered under this section shall be:

6 (i) actuarially equivalent to any coinsurance requirements under  
7 this section; or

8 (ii) if there are no coinsurance requirements, not greater than any  
9 copayment required under the policy or contract for a benefit for a physical illness.

10 (F) WHEN MAKING A DETERMINATION WHETHER TREATMENT OF MENTAL  
11 ILLNESSES, EMOTIONAL DISORDERS, DRUG ABUSE, OR ALCOHOL ABUSE IS  
12 MEDICALLY NECESSARY, A CARRIER MUST DO SO IN A MANNER CONSISTENT WITH  
13 THAT USED TO MAKE THE DETERMINATION FOR THE TREATMENT OF OTHER  
14 DISEASES OR INJURIES COVERED UNDER A POLICY OR CONTRACT SUBJECT TO THIS  
15 SECTION.

16 [(f)] (G) An office visit to a physician or other health care provider for  
17 medication management:

18 (1) may not be counted against the number of visits required to be  
19 covered as a part of the benefits required under subsection (d)(3) of this section; and

20 (2) shall be reimbursed under the same terms and conditions as an office  
21 visit for a physical illness covered under the policy or contract subject to this section.

22 [(g)] (H) This section does not prohibit exceeding the minimum benefits  
23 required under subsection (d)(2) of this section for any partial hospitalization day that  
24 is medically necessary and would serve to prevent inpatient hospitalization.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
26 effect October 1, 2002.