
By: **Delegates Barve and Goldwater**
Introduced and read first time: February 7, 2003
Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Managed Behavioral Health Care Organizations -**
3 **Expense and Loss Ratios and Reports**

4 FOR the purpose of requiring certain carriers to include certain information on
5 behavioral health care providers in a certain list of providers on the carrier's
6 provider panel; requiring a carrier that contracts with a managed behavioral
7 health care organization to require the managed behavioral health care
8 organization to provide a certain report that the carrier is required to make
9 publicly available; repealing a requirement that certain carriers file certain
10 information with the Maryland Insurance Commissioner; requiring certain
11 carriers to maintain copies of certain forms required by the Commissioner that
12 include certain information; requiring certain carriers to make certain forms
13 available to certain individuals upon request; authorizing a carrier that makes
14 certain forms available to certain individuals to make certain charges;
15 authorizing the Commissioner to adopt certain regulations; and generally
16 relating to certain carriers and managed behavioral health care organizations.

17 BY repealing and reenacting, with amendments,
18 Article - Insurance
19 Section 15-127
20 Annotated Code of Maryland
21 (2002 Replacement Volume and 2002 Supplement)

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

24 **Article - Insurance**

25 15-127.

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

27 (2) "BEHAVIORAL HEALTH CARE ADMINISTRATIVE EXPENSES" MEANS
28 ANY EXPENSES THAT ARE NOT INCURRED FOR DIRECT CARE EXPENSES INCLUDING
29 THE FOLLOWING EXPENSES FOR ADMINISTRATIVE FUNCTIONS:

- 1 (I) BILLING AND COLLECTION EXPENSES;
- 2 (II) ACCOUNTING AND FINANCIAL REPORTING EXPENSES;
- 3 (III) QUALITY ASSURANCE AND UTILIZATION MANAGEMENT
4 PROGRAM OR ACTIVITY EXPENSES;
- 5 (IV) PROMOTION AND MARKETING EXPENSES;
- 6 (V) TAXES, FEES, AND ASSESSMENTS;
- 7 (VI) LEGAL EXPENSES;
- 8 (VII) SALARY EXPENSES FOR EMPLOYEES THAT ARE NOT RELATED
9 TO THE DELIVERY OF DIRECT CARE EXPENSES TO PATIENTS;
- 10 (VIII) COMPUTER EXPENSES;
- 11 (IX) PROVIDER CREDENTIALING;
- 12 (X) COLLECTION AND REVIEW OF TREATMENT PLANS;
- 13 (XI) AUDITING THE FINANCIAL REPORT SUBMITTED TO THE
14 COMMISSIONER UNDER THIS SECTION;
- 15 (XII) QUALITY ASSURANCE, STANDARDS OF CARE, OR UTILIZATION
16 MANAGEMENT PROGRAM OR ACTIVITY EXPENSES;
- 17 (XIII) DEBT PAYMENT AND DEBT SERVICE; AND
- 18 (XIV) OTHER GENERAL AND ADMINISTRATIVE EXPENSES.
- 19 (3) (I) "Behavioral health care services" means procedures or services
20 rendered by a health care provider for the treatment of mental illness, emotional
21 disorders, drug abuse, or alcohol abuse.
- 22 (II) "BEHAVIORAL HEALTH CARE SERVICES" DOES NOT INCLUDE
23 THE BEHAVIORAL HEALTH CARE ADMINISTRATIVE EXPENSES.
- 24 [(3)] (4) "Carrier" means:
- 25 (i) a health insurer;
- 26 (ii) a nonprofit health service plan;
- 27 (iii) a health maintenance organization;
- 28 (iv) a preferred provider organization;
- 29 (v) a third party administrator; or

1 (vi) except for a managed care organization as defined in Title 15,
2 Subtitle 1 of the Health - General Article, any other person that provides health
3 benefit plans subject to regulation by the State.

4 [(4)] (5) "Direct BEHAVIORAL HEALTH care expenses" means [the] ANY
5 payment to a health care provider by a managed behavioral health care organization
6 for the provision of behavioral health care services to a member.

7 [(5)] (6) "Direct payments" means the money that a carrier disburses to
8 a managed behavioral health care organization for the provision of behavioral health
9 care services to a member.

10 [(6)] (7) "Managed behavioral health care organization" means a
11 company, organization, PRIVATE REVIEW AGENT, or subsidiary that:

12 (i) contracts with a carrier to provide, undertake to arrange, or
13 administer behavioral health care services to members; or

14 (ii) otherwise makes behavioral health care services available to
15 members through contracts with health care providers.

16 [(7)] (8) (i) "Member" means an individual entitled to behavioral
17 health care services from a carrier or a managed behavioral health care organization
18 under a policy or plan issued or delivered in the State.

19 (ii) "Member" includes a subscriber.

20 [(8) "Mental health expense ratio" means the ratio of the total incurred
21 direct care expenses for behavioral health care services in relation to the total direct
22 payments for behavioral health care services.]

23 (9) "Provider" means a person licensed, certified, or otherwise authorized
24 under the Health Occupations Article or the Health - General Article to provide
25 health care services.

26 (b) THIS SECTION DOES NOT APPLY TO A PERSON THAT:

27 (1) FOR AN ADMINISTRATIVE FEE ONLY, SOLELY ARRANGES A PROVIDER
28 PANEL FOR A CARRIER FOR THE PROVISION OF BEHAVIORAL HEALTH CARE
29 SERVICES ON A DISCOUNTED FEE-FOR-SERVICE BASIS; AND

30 (2) DOES NOT ASSUME ANY RISK FOR PROVIDING BEHAVIORAL HEALTH
31 CARE SERVICES TO MEMBERS.

32 (C) (1) A carrier that owns or contracts with a managed behavioral health
33 care organization shall distribute to its members at the time of enrollment an
34 explanation of:

35 [(1)] (I) the specific behavioral health care services covered and the
36 specific exclusions under the member's contract;

1 [(2)] (II) the member's responsibilities for obtaining behavioral health
2 care services;

3 [(3)] (III) the reimbursement methodology that the carrier and managed
4 behavioral health care organization use to reimburse providers for behavioral health
5 care services; and

6 [(4)] (IV) the procedure that a member must utilize when attempting to
7 obtain behavioral health care services outside the network of providers used by the
8 carrier or managed behavioral health care organization.

9 [(c)] (2) The explanation that a carrier is required to distribute under
10 [subsection (b)(3) of this section] PARAGRAPH (1)(III) OF THIS SUBSECTION shall be
11 consistent with § 15-121(c) of this subtitle.

12 (3) A CARRIER THAT OWNS OR CONTRACTS WITH A MANAGED
13 BEHAVIORAL HEALTH CARE ORGANIZATION SHALL:

14 (I) INCLUDE INFORMATION ON BEHAVIORAL HEALTH CARE
15 PROVIDERS IN THE LIST OF PROVIDERS ON THE CARRIER'S PROVIDER PANEL
16 REQUIRED UNDER § 15-112(J) OF THIS SUBTITLE; AND

17 (II) PROVIDE THE SAME INFORMATION ON BEHAVIORAL HEALTH
18 CARE PROVIDERS THAT IS REQUIRED FOR OTHER PROVIDERS UNDER § 15-112(J) OF
19 THIS SUBTITLE.

20 (4) (I) A CARRIER THAT CONTRACTS WITH A MANAGED BEHAVIORAL
21 HEALTH CARE ORGANIZATION SHALL REQUIRE THE MANAGED BEHAVIORAL HEALTH
22 CARE ORGANIZATION TO PROVIDE TO THE CARRIER ON AN ANNUAL BASIS A REPORT
23 ON THE DIRECT BEHAVIORAL HEALTH CARE EXPENSES OF THE MANAGED
24 BEHAVIORAL HEALTH CARE ORGANIZATION.

25 (II) THE REPORT REQUIRED UNDER SUBPARAGRAPH (I) OF THIS
26 PARAGRAPH SHALL BE MADE PUBLICLY AVAILABLE BY THE CARRIER.

27 [(d)] The Commissioner shall adopt regulations to carry out the provisions of
28 this section.]

29 [(e)] (D) (1) Except as provided under paragraph (2) of this subsection, [on
30 or before March 1 of each year,] each carrier that provides behavioral health care
31 services through a company owned wholly or in part by the carrier or through a
32 contract with a managed behavioral health care organization shall [file with the
33 Commissioner, on] MAINTAIN COPIES OF the form required by the [Commissioner,
34 the mental health expense ratio for the provision of behavioral health care services to
35 members] COMMISSIONER THAT SHALL INCLUDE THE FOLLOWING INFORMATION:

36 (I) THE DIRECT PAYMENTS FOR THE PRECEDING CALENDAR YEAR;
37 AND

1 (II) THE INFORMATION REQUIRED TO BE COLLECTED BY A
2 CARRIER UNDER SUBSECTION (C)(4) OF THIS SECTION.

3 (2) The requirements of paragraph (1) of this subsection do not apply
4 when a company, for an administrative fee only, solely arranges a provider panel for a
5 carrier for the provision of behavioral health care services on a discounted
6 fee-for-service basis.

7 (E) (1) EACH CARRIER REQUIRED TO MAINTAIN COPIES OF THE FORMS
8 REQUIRED BY THE COMMISSIONER UNDER SUBSECTION (D) OF THIS SECTION SHALL
9 MAKE PUBLICLY AVAILABLE TO AN INDIVIDUAL, ENROLLEE, OR MEMBER, UPON
10 REQUEST, COPIES OF THE FORM REQUIRED TO BE MAINTAINED UNDER SUBSECTION
11 (D) OF THIS SECTION.

12 (2) A CARRIER THAT IS REQUIRED TO MAKE A FORM PUBLICLY
13 AVAILABLE TO AN INDIVIDUAL, ENROLLEE, OR MEMBER UNDER PARAGRAPH (1) OF
14 THIS SUBSECTION MAY CHARGE:

15 (I) A REASONABLE PREPARATION FEE NOT TO EXCEED \$15 FOR
16 EACH FORM REQUESTED; AND

17 (II) THE ACTUAL COST FOR ANY POSTAGE AND HANDLING
18 REQUIRED TO PROVIDE COPIES OF THE REQUESTED FORMS.

19 (F) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THE
20 PROVISIONS OF THIS SECTION.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2003.