

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 724 (Delegate Murray, *et al.*)
Health and Government Operations

**Health Insurance Carriers and Health Maintenance Organizations - Mental
Health Providers - Cultural Characteristics**

This bill requires a health insurer, nonprofit health service plan, or HMO (carrier) to ensure that each enrollee has access to a mental health services provider whose cultural characteristics reflect the cultural characteristics of the enrollee. If an HMO does not have a mental health care provider under written contract that meets the bill's requirements, the HMO must cover services provided by a noncontracting mental health care provider whose cultural characteristics reflect those of the enrollee.

Fiscal Summary

State Effect: State Employee and Retiree Health and Welfare Benefit Plan (State health plan) expenditures could increase beginning FY 2004. No effect on revenues.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase depending upon the current type of health care coverage offered and number of enrollees. Any increase is expected to be minimal. Revenues would not be affected.

Small Business Effect: Potential minimal. Small business health insurance costs may increase if carriers increase their premiums as a result of this bill.

Analysis

Current Law: The federal Mental Health Parity Act of 1996 requires carriers to offer mental health coverage comparable to coverage offered for physical illnesses. The federal law does not mandate coverage for carriers who do not currently cover it. The

law equates aggregate lifetime limits and annual limits for mental health benefits with aggregate lifetime limits and annual limits for medical and surgical benefits. Typical caps for mental illness coverage were \$50,000 for lifetime and \$5,000 for annual, as compared with \$1 million lifetime and no annual cap for other physical disorders. Federal law does not preempt state mental health parity laws.

Under Maryland's mental health parity law, a carrier must provide mental health services to enrollees under the same terms and conditions that apply under a policy or contract for the diagnosis and treatment of physical illness.

State Fiscal Effect: To the extent the State health plan's carriers do not have mental health providers that reflect the cultural characteristics of State employees, retirees, and dependents, State health plan expenditures could increase. The State has both self-insured and fully-insured health plans. The State is not required to cover mandated benefits under its self-insured plans, but it has generally done so in the past. In the State procurement process for carrier services, the State requires the carriers to provide statistical information on their providers, including mental health providers, to ensure the carriers have providers that reflect the cultural diversity of the State population.

Self-insured plans: If carriers in the State health plan have to contract with additional mental health care providers to meet the bill's requirements, State health plan expenditures could increase in fiscal 2004. The State health plan's medical plans provide mental health services through a separate mental health plan.

Fully-insured plans: To the extent carrier costs increase and carriers pass the costs on to the State health plan, premiums for the fully-insured plans could increase.

There are insufficient data at this time to reliably estimate the extent of any increase in State health plan expenditures.

State plan expenditures assume a fund mix of 60% general funds, 20% federal funds, and 20% special funds; 20% of expenditures are reimbursable through employee contributions.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Budget and Management, Department of Legislative Services

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ncs/jr

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