# Department of Legislative Services

Maryland General Assembly
2003 Session

## FISCAL AND POLICY NOTE
**Revised**

House Bill 25 (Delegate Hammen, *et al.*)
Health and Government Operations Finance

**Health Insurance - Task Force to Study Access to Mental Health Services**

This bill creates a 17-member Task Force on Access to Mental Health Services that will study and make recommendations on: (1) whether any changes should be made to the State mental health parity requirements; (2) systemic barriers experienced by commercially insured individuals attempting to get treatment; (3) how to ensure commercially insured individuals have access to medically necessary mental health treatment; (4) the difference in mental health services coverage provided by the public mental health system, commercial health insurers, and commercial health maintenance organizations; (5) the mental health care delivery system's structure and effectiveness in the State; and (6) the impact on the cost of health care coverage of any recommended changes to the coverage or delivery of mental health care services. The Maryland Insurance Administration (MIA) and the Department of Health and Mental Hygiene (DHMH) will staff the task force, which must issue a preliminary report by December 31, 2003 and a final report by December 31, 2004 to the Governor and the General Assembly.

The bill takes effect July 1, 2003 and terminates December 31, 2004.

## Fiscal Summary

**State Effect:** Any expense reimbursements for task force members and staffing costs for MIA and DHMH are assumed to be minimal and absorbable within existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Current Law:** Maryland's mental health mandate requires insurers, nonprofit health services plans, and HMOs to provide coverage on the same terms as physical illness. Mental health benefits may be provided through a carrier's managed care system. Carriers subject to State regulation must include a minimum of 60 days partial hospitalization for mental illness under the same terms and conditions that apply to the benefits available under the contract for physical illnesses. For outpatient services, carriers must provide coverage for mental illnesses, emotional disorders, drug or alcohol abuse at a rate (after deductibles) that is not less than:

- 80% coverage for the first 5 visits in one calendar year;
- 65% coverage of 6-30 visits; and
- 50% coverage for visits beyond 30.

The illness must be treatable and the treatment must be medically necessary.

**Background:** According to MIA, there are 859 commercial carriers licensed to sell health insurance in Maryland, 12 of which are HMOs.

A 1999 Surgeon General report on mental health found that although 84% of Americans have some type of health insurance coverage, the mental health services available through that coverage varies widely. More than $32 billion was spent on mental health services in 1996 for people with private insurance, according to the report. Of that amount, more than $18 billion was paid by insurance carriers, almost $12 billion was paid by clients, and more than $2 billion was paid by private sources.

The report suggested that health insurance plans should cover: hospital and other 24-hour services; intensive community services; ambulatory or outpatient services; medical management, such as monitoring psychotropic medications; case management; intensive psychosocial rehabilitation services; and other intensive outreach approaches to the care of individuals with severe disorders.

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## Additional Information

**Prior Introductions:** A similar bill, HB 1025 of 2002, passed in the House but received an unfavorable report in the Senate Finance Committee.

**Cross File:** SB 252 (Senator Teitelbaum, *et al.*) – Finance.

**Information Source(s):** Department of Health and Mental Hygiene; Maryland Insurance Administration; *Mental Health: A Report by the Surgeon General*, Office of the Surgeon General, U.S. Public Health Service, 1999; Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 2003
mld/jr Revised - House Third Reader - March 21, 2003
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