

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

House Bill 499 (Chairman, Health and Government Operations Committee, *et al.*)
(By Request – Departmental – Insurance Administration, Maryland)

Health and Government Operations

Finance

**Maryland Insurance Administration - Disability Benefits - Adoption of
Regulations**

This departmental bill requires the Maryland Insurance Commissioner to adopt regulations that establish standards governing the processing of claims by an insurer that issues or delivers individual or group policies in Maryland that include a disability benefit. Regulations under the bill must establish and maintain reasonable claims procedures governing disability claim filings, including: (1) notification of adverse benefit determinations; and (2) an appeal by an insured of an adverse benefit determination.

The regulations may not take effect until July 1, 2004.

Fiscal Summary

State Effect: Adoption and enforcement of the regulations under the bill could be handled with the existing budgeted resources of the Maryland Insurance Administration (MIA).

Local Effect: None.

Small Business Effect: MIA has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: No provision requires insurers to establish procedures for disability claims processing. Health insurers must establish an internal appeals and grievance process for a member to appeal health benefit plan coverage and utilization review determinations. An insured may appeal a determination through the insurer's internal appeals process, and may further appeal the carrier's final determination, or "grievance decision," to the Insurance Commissioner.

Background: Under federal law and regulations, insurers are required to establish and maintain claims procedures for handling disability claims under group policies.

Additional Information

Prior Introductions: Similar bills, SB 842 and HB 1304, were introduced in the 2002 session. SB 842 received an unfavorable report from the Senate Finance Committee, and HB 1304 received an unfavorable report from the House Economic Matters Committee.

Cross File: None.

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

Fiscal Note History: First Reader - March 9, 2003
ncs/cer Revised - Enrolled Bill - April 16, 2003

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