

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

House Bill 729 (Delegate Barve, *et al.*)

Health and Government Operations

Finance

Health Insurance - Behavioral Health Care Services - Reports

This bill changes various reporting and record keeping requirements for an insurer, nonprofit health service plan, or HMO (carrier) that contracts with a managed behavioral health care organization (MBHCO).

Fiscal Summary

State Effect: The development of forms by the Maryland Insurance Administration (MIA) could be handled with existing budgeted resources. No effect on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill requires a carrier that contracts with an MBHCO to: (1) include information on behavioral health care providers in the list of providers on the carrier's provider panel; and (2) provide to enrollees upon initial enrollment the same information on behavioral health care providers as is required for other types of providers.

The bill also extends the definition of "managed behavioral health care organization" to include a private review agent. In addition, the bill repeals the definition of "mental health expense ratio." A carrier that contracts with an MBHCO must require the MBHCO to provide an annual report on the MBHCO's direct behavioral health care expenses. Direct behavioral health care expenses do not include behavioral health care administrative expenses. The bill repeals the requirement that each carrier that provides behavioral health care services through a company it owns or through a contract with an MBHCO must report by March 1 to the Insurance Commissioner regarding the mental

health expense ratio for the provision of behavioral health care services to members. Instead, the carrier must complete and maintain a form developed by the Insurance Commissioner that must include: (1) the direct payments for the preceding calendar year; (2) information on the MBHCO's direct behavioral health care expenses; and (3) the carrier's total expenses for quality assurance and utilization management activities and treatment plan reviews that are clinical in nature. Each carrier required to complete and maintain copies of the forms must make them publicly available to an individual, enrollee, or member upon request.

Current Law: A carrier that owns or contracts with an MBHCO must distribute certain information to its enrollees, at the time of enrollment, including: (1) the specific behavioral health care services covered; (2) the enrollee's responsibilities for obtaining behavioral health care services; (3) the reimbursement methodology that the carrier and MBHCO use to reimburse providers for behavioral health care services; and (4) the procedure that an enrollee must utilize when attempting to obtain behavioral health care services out-of-network. On or before March 1, each carrier that provides behavioral health care services through a company owned by the carrier or through a contract with an MBHCO must file with the Insurance Commissioner the mental health expense ratio for the provision of behavioral health care services to enrollees.

A carrier must submit an annual report by March 1 to the Insurance Commissioner that includes information on: (1) premiums written; (2) premiums earned; (3) total incurred claims; (4) total incurred expenses; (5) loss ratio; and (6) expense ratio. A carrier that fails to submit the annual report as required is subject to a \$500 penalty for each day after March 1 that the information is not submitted.

Additional Information

Prior Introductions: None.

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 2, 2003
lc/jr Revised - House Third Reader - March 24, 2003

Analysis by: Susan D. John

Direct Inquiries to:
(410) 946-5510
(301) 970-5510