

Department of Legislative Services  
Maryland General Assembly  
2003 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 709

(Senator Gladden, *et al.*)

Finance

Health and Government Operations

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Department of Health and Mental Hygiene - Managed Care Organizations -  
Specialty Care Networks

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This bill requires the Department of Health and Mental Hygiene (DHMH) to require Medicaid managed care organizations (MCOs) to maintain specialty care networks that facilitate adequate access to specialty health care for HealthChoice enrollees.

The bill takes effect June 1, 2003.

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**Fiscal Summary**

**State Effect:** Medicaid expenditures (50% general funds, 50% federal funds) could increase beginning FY 2004, depending upon the regulations adopted and any resulting capitation rate increases. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** DHMH must adopt regulations, in consultation with HealthChoice providers, beneficiary advocates, and MCOs that: (1) establish measurable standards for the adequacy of and access to specialty care networks to ensure that specialty care services are accessible to enrollees within reasonable geographical distances and without unreasonable delay; (2) require MCOs to maintain specialty care networks that meet the measurable standards for adequacy and access; (3) develop and implement a method by which DHMH will continuously monitor MCO compliance with the measurable

standards for adequacy and access; (4) establish consequences for MCOs that fail to comply with the standards; and (5) establish measures that MCOs must adopt to ensure enrollees who need to see out-of-network specialists receive referrals and authorizations in the same time period as in-network referrals and authorizations and ensure out-of-networks claims are paid as required.

DHMH must report to the General Assembly by October 1, 2003 and every six months thereafter on the adequacy of HealthChoice specialty care provider networks.

**Current Law:** The Medicaid managed care program, otherwise known as HealthChoice, provides health care to more than 450,000 enrollees through six participating Medicaid MCOs. MCOs are health care organizations that contract with a network of providers to provide covered services to their enrollees and are responsible for providing or arranging the full range of health care services.

HealthChoice enrollees receive the same benefits as those available to Maryland Medicaid recipients through the Medicaid fee-for-service system. Under HealthChoice, the MCOs contract to provide a specific set of Medicaid-related services. This is referred to as the MCO benefit package. The services that are not included in the benefit package are still available to MCO enrollees and are paid directly by Medicaid. Mental health services are provided by a Specialty Mental Health System administered by DHMH's Mental Hygiene Administration.

**State Fiscal Effect:** Medicaid expenditures (50% general funds, 50% federal funds) could increase beginning fiscal 2004 if MCO reimbursements to out-of-network specialists increase. Any increase in provider payments would be passed on to the Medicaid program as higher capitation rates. There are insufficient data at this time to reliably estimate the extent of any increase. Revenues would not be affected.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1117 (Delegate Smigiel) – Rules and Executive Nominations.

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

**Fiscal Note History:** First Reader - March 11, 2003  
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Analysis by: Susan D. John

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