

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 713

(Senator Kelley, *et al.*)

Finance

Health Insurance - Coverage of Outpatient Treatment for Behavioral Disorders

This bill modifies Maryland's mental health mandated benefit to specify that mental health coverage is not discriminatory as long as outpatient coverage includes intensive mental health case management, home health psychiatric treatment, and crisis treatment. The modification does not apply to HMO contracts.

Fiscal Summary

State Effect: The bill's provisions are not expected to significantly increase State Employee and Retiree Health and Welfare Benefit Plan (State plan) expenditures in FY 2006. Minimal general fund revenue increase from the State's 2% insurance premium tax on for-profit carriers, beginning in FY 2006. Minimal special fund revenue increase for the Maryland Insurance Administration from the \$125 rate and form filing in FY 2006 only, if premiums increase.

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: None.

Analysis

Current Law: Maryland's mental health mandate requires carriers to provide coverage for mental health services on the same terms as physical illness. A policy cannot discriminate against an individual with a mental illness or other disorder by failing to provide benefits for the diagnosis and treatment of these illnesses under the same terms and conditions that apply under a policy for the diagnosis and treatment of physical

illnesses. For mental health coverage to be considered not discriminatory, a carrier must provide inpatient benefits for mental illness as it does for physical illness. A carrier 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.

Substantially similar coverage is required under HMO contracts.

State Fiscal Effect: The State plan currently provides intensive mental health case management and home health psychiatric treatment. The bill includes coverage for “crisis treatment,” but does not define the term. Most types of crisis treatment are already covered under the State plan, and it is assumed that any increase in costs for noncovered crisis services would be negligible.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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mam/jr

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