

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 499 (Delegate Nathan-Pulliam, *et al.*)
Health and Government Operations

Health Insurance - Primary Care Physicians - Reimbursement for Treatment of
Psychiatric Disorders

This bill specifies that, for each individual or group health insurance policy, contract, or certificate in the State that provides reimbursement for treatment of a psychiatric disorder, a primary care physician entitled to reimbursement for primary care services is also entitled to reimbursement for treatment of a psychiatric disorder.

Fiscal Summary

State Effect: Potential significant increase in expenditures for the State Employee and Retiree Health and Welfare Benefits Program (State plan) beginning in FY 2009. No effect on revenues.

Local Effect: Potential increase in health care expenditures to the extent that current benefit plans do not provide reimbursement as required under the bill.

Small Business Effect: Small business primary care providers could receive additional reimbursement under the bill.

Analysis

Current Law: If an individual or group health insurance policy, contract, or certificate provides reimbursement for a service that is within the lawful scope of practice of a licensed health care provider, the insured or any other person covered by the policy, contract, or certificate is entitled to reimbursement for the service.

These provisions do not apply to Medicaid managed care organizations.

Background: Family physicians routinely encounter and to some extent treat patients with cognitive, mood, or behavioral problems. However, they are not routinely reimbursed for providing services to these patients. Rather, they are reimbursed for other services during these visits.

The State Employee and Retiree Health and Welfare Benefits Program (State plan) self-funds mental health claims through a third-party administrator for enrollees in PPO and POS benefits plans (over 84% of State plan enrollees). Under the current contract, the TPA does not pay claims for mental health services provided by primary care providers. Only eligible services submitted by a licensed mental health professional are eligible for reimbursement.

State Expenditures: To the extent that the bill increases utilization of outpatient mental health services by enrollees, State plan expenditures could increase by a potentially significant amount beginning in fiscal 2009.

For illustrative purposes only, if the bill increases outpatient mental health visits to primary care providers under the State plan by 10%, State plan expenditures could increase by \$648,000 in fiscal 2009 for self-funded mental health claims. This estimate assumes an additional 8,640 outpatient visits and an average reimbursement to primary care providers of \$75 per visit.

State plan expenditures are split 60% general funds, 20% federal funds, and 20% special funds; and 20% of expenditures are reimbursable funds from employee contributions.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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mcp/ljm

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