

SENATE BILL 585

C3

3r1230
CF 3r1209

By: **Senators Middleton, Astle, Benson, Brinkley, Forehand, Kasemeyer,
Kelley, Klausmeier, Madaleno, Montgomery, Pinsky, and Pugh**

Introduced and read first time: February 1, 2013

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Federal and State Mental Health and Addiction Parity**
3 **Laws – Report on Compliance**

4 FOR the purpose of requiring health maintenance organizations and carriers that
5 offer certain contracts, certificates, and policies to submit to the Maryland
6 Insurance Commissioner a report certifying and outlining how each contract,
7 certificate, and policy complies with the Mental Health Parity and Addiction
8 Equity Act and certain State mental health and addiction parity laws; requiring
9 the report to be submitted with a certain filing at certain times by a certain
10 person and to include certain information; providing that the report is a public
11 record; defining certain terms; and generally relating to reporting on compliance
12 with federal and State mental health and addiction parity laws under health
13 insurance.

14 BY repealing and reenacting, with amendments,
15 Article – Health – General
16 Section 19–703.1(a)
17 Annotated Code of Maryland
18 (2009 Replacement Volume and 2012 Supplement)

19 BY adding to
20 Article – Health – General
21 Section 19–703.1(f)
22 Annotated Code of Maryland
23 (2009 Replacement Volume and 2012 Supplement)

24 BY repealing and reenacting, with amendments,
25 Article – Insurance
26 Section 15–802(a)
27 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2011 Replacement Volume and 2012 Supplement)

2 BY adding to

3 Article – Insurance

4 Section 15–802(h)

5 Annotated Code of Maryland

6 (2011 Replacement Volume and 2012 Supplement)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
8 MARYLAND, That the Laws of Maryland read as follows:

9 **Article – Health – General**

10 19–703.1.

11 (a) (1) In this section the following terms have the meanings indicated.

12 **(2) “ACT” MEANS THE FEDERAL MENTAL HEALTH PARITY AND**
13 **ADDICTION EQUITY ACT AND ANY REGULATIONS ADOPTED UNDER THE ACT.**

14 **[(2)] (3)** “Alcohol abuse” has the meaning stated in § 8–101 of this
15 article.

16 **[(3)] (4)** “Drug abuse” has the meaning stated in § 8–101 of this
17 article.

18 **[(4)] (5)** “Health benefit plan” has the meaning stated in § 15–1401 of
19 the Insurance Article.

20 **[(5)] (6)** “Large employer” means an employer that has more than 50
21 employees and is not a small employer.

22 **[(6)] (7)** “Managed care system” means a method that a carrier uses
23 to review and preauthorize a treatment plan that a health care practitioner develops
24 for a covered person using a variety of cost containment methods to control utilization,
25 quality, and claims.

26 **[(7)] (8)** “Partial hospitalization” means the provision of medically
27 directed intensive or intermediate short–term treatment for mental illness, emotional
28 disorders, drug abuse or alcohol abuse for a period of less than 24 hours but more than
29 4 hours in a day for a member or subscriber in a licensed or certified facility or
30 program.

31 **(9) “PREDOMINANT” HAS THE MEANING STATED IN THE ACT.**

32 **[(8)] (10)** “Small employer” means an employer that:

1 (i) Employed an average of at least two, but not more than 50
2 employees on business days during the preceding calendar year; and

3 (ii) Employs at least two employees on the first day of the plan
4 year.

5 (11) "SUBSTANTIALLY ALL" HAS THE MEANING STATED IN THE
6 ACT.

7 (F) (1) THIS SUBSECTION APPLIES TO A CONTRACT OR CERTIFICATE
8 ISSUED TO A MEMBER OR SUBSCRIBER BY A HEALTH MAINTENANCE
9 ORGANIZATION THAT:

10 (I) PROVIDES HEALTH BENEFITS AND SERVICES FOR
11 DISEASES; AND

12 (II) IS SUBJECT TO THE ACT.

13 (2) EACH HEALTH MAINTENANCE ORGANIZATION THAT OFFERS A
14 CONTRACT OR CERTIFICATE SUBJECT TO THIS SUBSECTION, INCLUDING A
15 HEALTH MAINTENANCE ORGANIZATION THAT PROVIDES MENTAL HEALTH OR
16 SUBSTANCE USE DISORDER BENEFITS THROUGH A CONTRACT WITH ANOTHER
17 ENTITY, SHALL SUBMIT TO THE COMMISSIONER A REPORT CERTIFYING AND
18 OUTLINING HOW EACH CONTRACT OR CERTIFICATE COMPLIES WITH THE ACT
19 AND APPLICABLE STATE MENTAL HEALTH AND ADDICTION PARITY LAWS.

20 (3) THE REPORT:

21 (I) SHALL BE SUBMITTED WITH THE RATE AND FORM
22 FILING FOR EACH CONTRACT OR CERTIFICATE ISSUED OR DELIVERED IN 2015
23 AND ANNUALLY THEREAFTER;

24 (II) SHALL BE SUBMITTED BY THE CARRIER-DESIGNATED
25 MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT COMPLIANCE OFFICER;
26 AND

27 (III) SHALL INCLUDE AT A MINIMUM:

28 1. A LIST OF ALL COVERED AND EXCLUDED MENTAL
29 HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND THE STANDARDS USED
30 TO DEFINE AND CLASSIFY MENTAL HEALTH AND SUBSTANCE USE DISORDER
31 SERVICES INTO THE SIX CATEGORIES REQUIRED BY THE ACT;

1 2. **A. THE ANNUAL AND LIFETIME DOLLAR**
2 **LIMITS, CUMULATIVE FINANCIAL REQUIREMENTS, AND TREATMENT**
3 **LIMITATIONS THAT ARE PLACED ON MENTAL HEALTH AND SUBSTANCE USE**
4 **DISORDER BENEFITS AND MEDICAL AND SURGICAL BENEFITS; AND**

5 **B. VERIFICATION THAT A SINGLE AGGREGATE**
6 **VALUE IS APPLIED TO BOTH MENTAL HEALTH AND SUBSTANCE USE DISORDER**
7 **BENEFITS AND MEDICAL AND SURGICAL BENEFITS;**

8 3. **THE RELEVANT COST DATA AND THE SOURCE OF**
9 **THE COST DATA USED TO DETERMINE THAT THE FINANCIAL REQUIREMENTS**
10 **AND TREATMENT LIMITATIONS THAT APPLY TO MENTAL HEALTH AND**
11 **SUBSTANCE USE DISORDER BENEFITS ARE NO MORE RESTRICTIVE THAN THE**
12 **PREDOMINANT FINANCIAL REQUIREMENTS OR TREATMENT LIMITATIONS THAT**
13 **APPLY TO SUBSTANTIALLY ALL MEDICAL AND SURGICAL BENEFITS;**

14 4. **A. ALL NONQUANTITATIVE TREATMENT**
15 **LIMITATIONS THAT APPLY TO EACH COVERED BENEFIT, INCLUDING THE**
16 **PROCESSES USED TO DEVELOP EACH LIMITATION AND THE FACTORS**
17 **CONSIDERED IN APPLYING EACH LIMITATION; AND**

18 **B. ALL CLINICAL GUIDELINES USED TO JUSTIFY ANY**
19 **DIFFERENT NONQUANTITATIVE TREATMENT LIMITATIONS FOR MENTAL HEALTH**
20 **AND SUBSTANCE USE DISORDER BENEFITS;**

21 5. **THE STANDARDS FOR PARTICIPATION IN**
22 **PROVIDER NETWORKS, IN-NETWORK PROVIDER REIMBURSEMENT RATES FOR**
23 **RELEVANT BILLING CODES, AND REIMBURSEMENT RATES FOR SERVICES**
24 **PROVIDED BY OUT-OF-NETWORK PROVIDERS THAT APPLY TO MENTAL HEALTH**
25 **AND SUBSTANCE USE DISORDER SERVICES AND COMPARABLE MEDICAL AND**
26 **SURGICAL SERVICES; AND**

27 6. **FORMULARY RULES FOR THE COVERAGE OF**
28 **MEDICATIONS USED TO TREAT MENTAL HEALTH AND SUBSTANCE USE**
29 **DISORDERS.**

30 **(4) THE REPORT REQUIRED UNDER PARAGRAPH (3) OF THIS**
31 **SUBSECTION IS A PUBLIC RECORD.**

32 **Article – Insurance**

33 15–802.

34 (a) (1) In this section the following words have the meanings indicated.

1 **(2) “ACT” MEANS THE FEDERAL MENTAL HEALTH PARITY AND**
2 **ADDICTION EQUITY ACT AND ANY REGULATIONS ADOPTED UNDER THE ACT.**

3 **[(2)] (3)** “Alcohol abuse” has the meaning stated in § 8–101 of the
4 Health – General Article.

5 **[(3)] (4)** “Drug abuse” has the meaning stated in § 8–101 of the
6 Health – General Article.

7 **[(4)] (5)** “Health benefit plan” has the meaning stated in § 15–1401 of
8 this title.

9 **[(5)] (6)** “Large employer” means an employer that has more than 50
10 employees and is not a small employer.

11 **[(6)] (7)** “Managed care system” means a system of cost containment
12 methods that a carrier uses to review and preauthorize a treatment plan developed by
13 a health care provider for a covered individual in order to control utilization, quality,
14 and claims.

15 **[(7)] (8)** “Partial hospitalization” means the provision of medically
16 directed intensive or intermediate short–term treatment:

- 17 (i) to an insured, subscriber, or member;
- 18 (ii) in a licensed or certified facility or program;
- 19 (iii) for mental illness, emotional disorders, drug abuse, or
20 alcohol abuse; and
- 21 (iv) for a period of less than 24 hours but more than 4 hours in a
22 day.

23 **(9) “PREDOMINANT” HAS THE MEANING STATED IN THE ACT.**

24 **[(8)] (10)** “Small employer” means an employer that:

- 25 (i) Employed an average of at least two, but not more than 50
26 employees on business days during the preceding calendar year; and
- 27 (ii) Employs at least two employees on the first day of the plan
28 year.

29 **(11) “SUBSTANTIALLY ALL” HAS THE MEANING STATED IN THE**
30 **ACT.**

1 **(H) (1) THIS SUBSECTION APPLIES TO EACH HEALTH INSURANCE**
2 **POLICY OR CONTRACT THAT:**

3 **(I) IS DELIVERED OR ISSUED FOR DELIVERY IN THE STATE**
4 **TO AN EMPLOYER OR INDIVIDUAL ON A GROUP OR INDIVIDUAL BASIS;**

5 **(II) PROVIDES COVERAGE ON AN EXPENSE-INCURRED**
6 **BASIS; AND**

7 **(III) IS SUBJECT TO THE ACT.**

8 **(2) EACH CARRIER THAT OFFERS A POLICY OR CONTRACT**
9 **SUBJECT TO THIS SUBSECTION, INCLUDING A CARRIER THAT PROVIDES MENTAL**
10 **HEALTH OR SUBSTANCE USE DISORDER BENEFITS THROUGH A CONTRACT WITH**
11 **ANOTHER ENTITY, SHALL SUBMIT TO THE COMMISSIONER A REPORT**
12 **CERTIFYING AND OUTLINING HOW EACH POLICY OR CONTRACT COMPLIES WITH**
13 **THE ACT AND APPLICABLE STATE MENTAL HEALTH AND ADDICTION PARITY**
14 **LAWS.**

15 **(3) THE REPORT:**

16 **(I) SHALL BE SUBMITTED WITH THE RATE AND FORM**
17 **FILING FOR EACH POLICY OR CONTRACT ISSUED OR DELIVERED IN 2015 AND**
18 **ANNUALLY THEREAFTER;**

19 **(II) SHALL BE SUBMITTED BY THE CARRIER-DESIGNATED**
20 **MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT COMPLIANCE OFFICER;**
21 **AND**

22 **(III) SHALL INCLUDE AT A MINIMUM:**

23 **1. A LIST OF ALL COVERED AND EXCLUDED MENTAL**
24 **HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND THE STANDARDS USED**
25 **TO DEFINE AND CLASSIFY MENTAL HEALTH AND SUBSTANCE USE DISORDER**
26 **SERVICES INTO THE SIX CATEGORIES REQUIRED BY THE ACT;**

27 **2. A. THE ANNUAL AND LIFETIME DOLLAR**
28 **LIMITS, CUMULATIVE FINANCIAL REQUIREMENTS, AND TREATMENT**
29 **LIMITATIONS THAT ARE PLACED ON MENTAL HEALTH AND SUBSTANCE USE**
30 **DISORDER BENEFITS AND MEDICAL AND SURGICAL BENEFITS; AND**

1 **B. VERIFICATION THAT A SINGLE AGGREGATE VALUE**
2 **IS APPLIED TO BOTH MENTAL HEALTH AND SUBSTANCE USE DISORDER**
3 **BENEFITS AND MEDICAL AND SURGICAL BENEFITS;**

4 **3. THE RELEVANT COST DATA AND THE SOURCE OF**
5 **THE COST DATA USED TO DETERMINE THAT THE FINANCIAL REQUIREMENTS**
6 **AND TREATMENT LIMITATIONS THAT APPLY TO MENTAL HEALTH AND**
7 **SUBSTANCE USE DISORDER BENEFITS ARE NO MORE RESTRICTIVE THAN THE**
8 **PREDOMINANT FINANCIAL REQUIREMENTS OR TREATMENT LIMITATIONS THAT**
9 **APPLY TO SUBSTANTIALLY ALL MEDICAL AND SURGICAL BENEFITS;**

10 **4. A. ALL NONQUANTITATIVE TREATMENT**
11 **LIMITATIONS THAT APPLY TO EACH COVERED BENEFIT, INCLUDING THE**
12 **PROCESSES USED TO DEVELOP EACH LIMITATION AND THE FACTORS**
13 **CONSIDERED IN APPLYING EACH LIMITATION; AND**

14 **B. ALL CLINICAL GUIDELINES USED TO JUSTIFY ANY**
15 **DIFFERENT NONQUANTITATIVE TREATMENT LIMITATIONS FOR MENTAL HEALTH**
16 **AND SUBSTANCE USE DISORDER BENEFITS;**

17 **5. THE STANDARDS FOR PARTICIPATION IN**
18 **PROVIDER NETWORKS, IN-NETWORK PROVIDER REIMBURSEMENT RATES FOR**
19 **RELEVANT BILLING CODES, AND REIMBURSEMENT RATES FOR SERVICES**
20 **PROVIDED BY OUT-OF-NETWORK PROVIDERS THAT APPLY TO MENTAL HEALTH**
21 **AND SUBSTANCE USE DISORDER SERVICES AND COMPARABLE MEDICAL AND**
22 **SURGICAL SERVICES; AND**

23 **6. FORMULARY RULES FOR THE COVERAGE OF**
24 **MEDICATIONS USED TO TREAT MENTAL HEALTH AND SUBSTANCE USE**
25 **DISORDERS.**

26 **(4) THE REPORT REQUIRED UNDER PARAGRAPH (3) OF THIS**
27 **SUBSECTION IS A PUBLIC RECORD.**

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 2013.