

**Department of Legislative Services**

Maryland General Assembly

2013 Session

**FISCAL AND POLICY NOTE**

**Revised**

Senate Bill 581

(Senator Kelley, *et al.*)

Finance

Health and Government Operations

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**Health Insurance - Federal Mental Health Parity and Addiction Equity Act -  
Notice and Authorization Forms**

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This bill requires insurers, nonprofit health service plans, and health maintenance organizations (collectively known as carriers) that offer a health insurance policy or contract to provide specified information about mental health and substance use benefits for members and insureds. Carriers must also post a release of information authorization form on their website and provide the form by standard mail within 10 business day after a request for the form is received.

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**Fiscal Summary**

**State Effect:** Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2014. Review of filings and provision of specified notice on the MIA website can be handled with existing MIA budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** A carrier must provide on its website and annually in print to members and insureds notice (1) about the benefits required under the State mental health and addiction parity law and, if applicable, the federal Mental Health Parity and Addiction

Equity Act (MHPAEA), and (2) that the member may contact MIA for further information about the benefits.

Uncodified language requires MIA to provide on its website notice that (1) complaints regarding noncompliance with MHPAEA may be filed with the Insurance Commissioner; (2) an insured may obtain assistance in filing a complaint with a carrier or MIA from the Health Education and Advocacy Unit in the Office of the Attorney General; (3) an insured may obtain a copy of his or her health insurance policy or contract and should contact the carrier for the copy; and (4) an insured may request a referral to a specialist or nonphysician specialist who is not part of the carrier's provider panel under specified circumstances.

**Current Law:** MHPAEA requires group health plans of large employers, as well as qualified health plans sold in health insurance exchanges and in the small group and individual markets as of January 1, 2014, to equalize health benefits for addiction and mental health care and medical and surgical services in many fundamental ways.

MHPAEA prohibits group health plans from imposing separate or more restrictive financial requirements or treatment limitations on mental health and substance use disorder benefits than those imposed on other general medical benefits. Patients can no longer be denied insurance reimbursement when they reach a lifetime or annual spending cap imposed on mental health or substance use disorder care. MHPAEA also imposes nondiscrimination standards on medical management practices, medical necessity determinations, and provider network and compensation practices ("nonquantitative treatment limitations"). While an employer is not required to offer any health insurance coverage for addiction or mental health care, the coverage of any service for these disorders – including a primary care practitioner's treatment of depression or the coverage of any medication for a mental or substance use disorder in a prescription drug formulary – renders the plan subject to MHPAEA.

**Background:** Inequality has been a defining characteristic in health insurance coverage for addiction and mental health treatment. Cost-sharing is frequently higher for inpatient and outpatient services for addiction and mental health treatment than for other medical care; limitations on length of care are more restrictive; and financial caps on a health plan's annual expenditures for addiction treatment are common. Unfortunately, while consumers gain significant nondiscriminatory insurance coverage under MHPAEA, the complexity of the Act may make it difficult for many consumers to understand and enforce their rights.

## Additional Information

**Prior Introductions:** None.

**Cross File:** HB 1216 (Delegate A. Kelly, *et al.*) - Health and Government Operations.

**Information Source(s):** *Equality Standards for Health Insurance Coverage: Will the Mental Health Parity and Addiction Equity Act End the Discrimination?*, Ellen M. Weber, University of Maryland Francis King Carey School of Law, 2012; Department of Budget and Management; Department of Health and Mental Hygiene; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 26, 2013  
ncs/ljm Revised - Senate Third Reader - March 27, 2013

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