

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Bill 975 (Delegate Haynes, *et al.*)
Health and Government Operations

Maryland Medical Assistance Program - Mental Health and Substance Use
Disorder Benefits - Parity

This bill subjects the mental health and substance use disorder benefits provided by Medicaid or administered by an administrative services organization (ASO) to Maryland's mental health parity law. The Department of Health and Mental Hygiene (DHMH) must use the standards used to determine compliance with the federal Mental Health Parity and Addiction Equity Act (MHPAEA) in determining compliance with this requirement. DHMH must use the American Society of Addiction Medicine (ASAM) criteria in determining medical necessity for substance use disorder services.

Fiscal Summary

State Effect: To the extent the bill requires Medicaid to provide more expansive coverage for mental health and substance use disorder benefits to comply with parity requirements or additional ASAM criteria in determining medical necessity, enrollee utilization may increase – yielding increased Medicaid expenditures (50% general funds, 50% federal funds). Revenues are not otherwise affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: DHMH must include a definition of medical necessity in its Medicaid quality and access standards. DHMH must establish a delivery system for specialty mental health services for enrollees of Medicaid managed care organizations (MCOs). The

delivery system must, among other things, provide all specialty mental health services needed by enrollees and coordinate provision of substance abuse services provided by an MCO for enrollees who are dually diagnosed. DHMH may contract with an MCO for delivery of specialty mental health services if the MCO meets specified performance standards. The delivery system for specialty mental health services administered by an ASO is subject to prompt payment of claims requirements.

Maryland's mental health parity law (§ 15-802 of the Insurance Article) prohibits health insurance policies and contracts from discriminating against an individual with a mental illness, emotional disorder, drug abuse disorder, or alcohol abuse disorder by failing to provide benefits for the diagnosis and treatment of these illnesses under the same terms and conditions that apply for the diagnosis and treatment of physical illnesses.

Benefits are required only for expenses arising from the treatment of mental illnesses, emotional disorders, drug abuse, or alcohol abuse if, in the professional judgment of health care providers, the mental illness, emotional disorder, drug abuse, or alcohol abuse is treatable and the treatment is medically necessary.

Benefits must (1) be provided as one set of benefits covering mental illnesses, emotional disorders, drug abuse, and alcohol abuse and (2) have the same terms and conditions as the benefits for physical illnesses covered under the policy or contract, with specified exceptions. Benefits may be delivered under a managed care system.

A carrier that issues or delivers a policy or contract subject to the law must provide on its website and annually in print to its insureds notice (1) about the benefits required under the law and, if applicable to the policy or contract of the insured, MHPAEA and (2) that the insured may contact the Maryland Insurance Administration for further information about the benefits. Carriers must also provide a release of information authorization form on its website and via standard mail upon request.

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").

Background: Medicaid currently offers primary mental health services to enrollees through their primary care physicians. Specialty mental health and community-based substance use disorder treatment services are provided by an ASO (ValueOptions). DHMH advises that the department believes it is currently in compliance with parity requirements. ASAM standards have been adopted for the majority of benefits.

Additional Information

Prior Introductions: None.

Cross File: SB 430 (Senator Klausmeier) - Finance.

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

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Analysis by: Jennifer B. Chasse

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