

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 1127 (Delegate Kelly)

Health and Government Operations

Finance

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Health Insurance - Coverage Requirements for Behavioral Health Disorders -  
Modifications

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This bill establishes that certain health benefit plans must provide (1) residential treatment center benefits and (2) outpatient *and intensive outpatient* benefits, including diagnostic evaluation, opioid treatment services, and medication evaluation and management. The bill clarifies that benefits for the diagnosis and treatment of mental illness and emotional, drug use, and alcohol use disorders must comply with specified regulations under the federal Mental Health Parity and Addiction Equity Act (MHPAEA).

The bill takes effect June 1, 2017.

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Fiscal Summary

**State Effect:** The bill does not directly affect governmental finances. No effect on the State Employee and Retiree Health and Welfare Benefits Program.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** The bill also makes stylistic changes, replacing the terms alcohol abuse and drug abuse with alcohol misuse and drug misuse.

**Current Law:** Under Maryland's Mental Health Parity Law (§ 15-802 of the Insurance Article) a health insurance policy or contract delivered or issued on a group or individual

basis that provides coverage on an expense-incurred basis may not discriminate 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 and disorders under the same terms and conditions that apply for the diagnosis and treatment of physical illness.

A health benefit plan must provide at least the following benefits: (1) inpatient benefits for services provided in a licensed or certified facility, including hospital inpatient benefits; (2) partial hospitalization benefits; and (3) outpatient benefits, including all office visits, and psychological and neuropsychological testing for diagnostic purposes. These benefits must comply with federal regulations regarding parity in mental health and substance use disorder benefits that relate to parity requirements for aggregate lifetime and annual dollar limits, financial requirements, treatment limitations, and criteria for medical necessity determinations.

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 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 cannot 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. 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.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 968 (Senator Klausmeier) - Finance.

**Information Source(s):** Department of Budget and Management; Department of Health and Mental Hygiene; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - March 6, 2017  
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