

SENATE BILL 638

C3, J1

EMERGENCY BILL

1lr2551
CF HB 919

By: ~~Senator Augustine~~ Senators Augustine, Beidle, Benson, Feldman, Hayes, Hershey, Jennings, Kelley, Klausmeier, Kramer, and Ready

Introduced and read first time: January 29, 2021

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 20, 2021

CHAPTER _____

1 AN ACT concerning

2 **Maryland Insurance Commissioner – Specialty Mental Health Services and**
3 **Payment of Claims – Enforcement**

4 FOR the purpose of requiring the Maryland Insurance Commissioner to enforce a certain
5 provision of law providing that certain provisions of the Insurance Article apply to a
6 certain delivery system for specialty mental health services and administered by an
7 administrative services organization; requiring a certain administrative services
8 organization to pay certain interest to certain persons under certain circumstances;
9 establishing that a certain administrative services organization is subject to certain
10 penalties for a violation of certain provisions of this Act; establishing that a certain
11 administrative services organization is subject to certain provisions of law in
12 connection with certain investigations or examinations; making this Act an
13 emergency measure; and generally relating to enforcement duties of the Maryland
14 Insurance Commissioner.

15 BY repealing and reenacting, without amendments,
16 Article – Health – General
17 Section 15–103(b)(21)(i) and (vi)
18 Annotated Code of Maryland
19 (2019 Replacement Volume and 2020 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Insurance
22 Section 2–108 and 15–1005(g) and (h)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland
2 (2017 Replacement Volume and 2020 Supplement)

3 BY adding to
4 Article – Insurance
5 Section 15–1005(j)
6 Annotated Code of Maryland
7 (2017 Replacement Volume and 2020 Supplement)

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

10 **Article – Health – General**

11 15–103.

12 (b) (21) (i) The Department shall establish a delivery system for specialty
13 mental health services for enrollees of managed care organizations.

14 (vi) The provisions of § 15–1005 of the Insurance Article apply to the
15 delivery system for specialty mental health services established under this paragraph and
16 administered by an administrative services organization.

17 **Article – Insurance**

18 2–108.

19 In addition to any powers and duties set forth elsewhere by the laws of the State, the
20 Commissioner:

21 (1) has the powers and authority expressly conferred on the Commissioner
22 by or reasonably implied from this article;

23 (2) shall enforce this article;

24 (3) shall perform the duties imposed on the Commissioner by this article;
25 [and]

26 (4) in addition to examinations and investigations expressly authorized,
27 may conduct examinations and investigations of insurance matters as necessary to fulfill
28 the purposes of this article; AND

29 (5) **SHALL ENFORCE § 15–103(B)(21)(VI) OF THE HEALTH – GENERAL**
30 **ARTICLE.**

31 15–1005.

1 (g) (1) If an insurer, nonprofit health service plan, [or] health maintenance
2 organization, OR ADMINISTRATIVE SERVICES ORGANIZATION THAT ADMINISTERS
3 THE DELIVERY SYSTEM FOR SPECIALTY MENTAL HEALTH SERVICES ESTABLISHED
4 UNDER § 15–103(B)(21) OF THE HEALTH – GENERAL ARTICLE fails to pay a clean
5 claim for reimbursement or otherwise violates any provision of this section, the insurer,
6 nonprofit health service plan, [or] health maintenance organization, OR ADMINISTRATIVE
7 SERVICES ORGANIZATION shall pay interest on the amount of the claim that remains
8 unpaid 30 days after receipt of the initial clean claim for reimbursement at the monthly
9 rate of:

10 (i) 1.5% from the 31st day through the 60th day;

11 (ii) 2% from the 61st day through the 120th day; and

12 (iii) 2.5% after the 120th day.

13 (2) The interest paid under this subsection shall be included in any late
14 reimbursement without the necessity for the person that filed the original claim to make
15 an additional claim for that interest.

16 (h) An insurer, nonprofit health service plan, [or] health maintenance
17 organization, OR ADMINISTRATIVE SERVICES ORGANIZATION THAT ADMINISTERS
18 THE DELIVERY SYSTEM FOR SPECIALTY MENTAL HEALTH SERVICES ESTABLISHED
19 UNDER § 15–103(B)(21) OF THE HEALTH – GENERAL ARTICLE that violates a
20 provision of this section is subject to:

21 (1) a fine not exceeding \$500 for each violation that is arbitrary and
22 capricious, based on all available information; and

23 (2) the penalties prescribed under § 4–113(d) of this article for violations
24 committed with a frequency that indicates a general business practice.

25 **(J) AN ADMINISTRATIVE SERVICES ORGANIZATION THAT ADMINISTERS THE**
26 **DELIVERY SYSTEM FOR SPECIALTY MENTAL HEALTH SERVICES ESTABLISHED**
27 **UNDER § 15–103(B)(21) OF THE HEALTH – GENERAL ARTICLE IS SUBJECT TO THE**
28 **PROVISIONS OF TITLE 2, SUBTITLE 2 OF THIS ARTICLE IN CONNECTION WITH ANY**
29 **INVESTIGATION OR EXAMINATION OF POTENTIAL VIOLATIONS OF THIS SECTION.**

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
31 measure, is necessary for the immediate preservation of the public health or safety, has
32 been passed by a yea and nay vote supported by three–fifths of all the members elected to
33 each of the two Houses of the General Assembly, and shall take effect from the date it is
34 enacted.