

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 724

(Chair, Finance Committee)(By Request - Departmental -
Maryland Insurance Administration)

Finance

Health and Government Operations

**Health Insurance Carriers - Requirements for Internal Grievance Process -
Modification**

This departmental bill alters the means by which a health insurance carrier must inform a member, the member's representative, or the health care provider acting on behalf of a member of the carrier's adverse decision for nonemergency cases. A carrier must inform a member, the member's representative, or the health care provider *either* orally by telephone (as under current law) *or* – with the recipient's consent – by text, facsimile, electronic mail, online portal, or other expedited means.

Fiscal Summary

State Effect: None. The change is procedural in nature and does not directly affect governmental finances.

Local Effect: None.

Small Business Effect: The Maryland Insurance Administration (MIA) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: An adverse decision is (1) a utilization review determination by a private review agent, a carrier, or a health care provider acting on behalf of a carrier that a proposed or delivered health care service covered under the member's contract is or was not medically necessary, appropriate, or efficient and may result in noncoverage of the

health care service or (2) a denial by a carrier of a request by a member for an alternative standard or a waiver of a standard to satisfy the requirements of a wellness program.

For nonemergency cases, a carrier must document an adverse decision in writing after the carrier has provided oral communication of the decision to the member, the member's representative, or the health care provider acting on behalf of the member. Within five days after making the adverse decision, the carrier must also send specified written notice to the member, the member's representative, or the health care provider.

Under Title 15, Subtitle 10A of the Insurance Article, consumers may appeal health insurance carriers' adverse decisions and contractual coverage decisions.

Background: MIA advises that many patients, providers, and carriers do not prefer using the telephone as a primary means of communication. Adverse coverage determinations are typically communicated to the provider on behalf of the member immediately via facsimile or through an online provider portal. MIA further advises that consumers and providers are better served by expressly authorizing communication regarding adverse decisions through expedited electronic means.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2023
km/ljm Third Reader - March 14, 2023

Analysis by: Jennifer B. Chasse

Direct Inquiries to:

(410) 946-5510

(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Health Insurance Carriers - Requirements for Internal Grievance Process -
Modification

BILL NUMBER: SB724

PREPARED BY: Maryland Insurance Administration

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

There is no economic impact on small business associated with this proposal.