

SB0724_FAV_MedChi_HI Carriers - Requirements for I

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Position: FAV

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TO: The Honorable Melony Griffith, Chair
Members, Senate Finance Committee
The Maryland Insurance Administration

FROM: Danna L. Kauffman
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Christine K. Krone
410-244-7000

DATE: March 1, 2023

RE: **SUPPORT** – Senate Bill 724 – *Health Insurance Carriers – Requirements for Internal Grievance Process – Modifications*

The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, **supports** Senate Bill 724. This bill provides added flexibility to how 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.

We believe that this change is justified and will more promptly inform the physician and the patient when there is a denial. However, we do question why it would take an insurance carrier another five (5) working days to send the written notice, which states the reasons for the denial and the ability of the patient to file an internal grievance and/or a complaint with the Maryland Insurance Commissioner. The committee should consider shortening this timeframe so that patients are not further delayed in receiving necessary health care services.

SB724.LOS.pdf

Uploaded by: Heather Forsyth

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February 28, 2023

TO: The Honorable Melony Griffith, Chair
Senate Finance Committee

FROM: Office of the Attorney General, Health Education and Advocacy Unit

RE: SB724 – Health Insurance Carriers – Requirements for Internal Grievance
Process - Modification: **Letter of Support**

The Health Education and Advocacy Unit of the Office of the Attorney General supports SB724 which is a departmental proposal from the Maryland Insurance Administration. The bill seeks to modernize the carriers' required notice of adverse decision process. Currently, each carrier is required to provide notice of an adverse decision orally and later in writing. The bill modernizes the process by permitting the carrier to provide the decision by phone or, with the member's consent, to provide the adverse decision to a member representative or health care provider by text, fax, email, online portal, or other expedited means.

This simple, common-sense change will allow consumers and their representatives to receive information about coverage denials in the manner they select.

For this reason, we urge your favorable report of SB724.

SB0724 - MIA - Support - FINAL.pdf

Uploaded by: Mary Kwei

Position: FAV

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KATHLEEN A. BIRrane
Commissioner

TAMMY R. J. LONGAN
Acting Deputy Commissioner

Date: March 1, 2023

Bill # / Title: Senate Bill 724 - Health Insurance Carriers - Requirements for Internal Grievance Process – Modification

Committee: Senate Finance Committee

Position: Support

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support for Senate Bill 724, which is a Departmental bill.

Senate Bill 724 expands the method by which a carrier must provide the initial notification of an adverse decision to the member, the member’s representative, or health care provider acting on behalf of the member by allowing these determinations to be communicated electronically. Currently, the initial notice of an adverse decision may only be communicated orally. If enacted, Senate Bill 724 will also allow the initial notice to be given by an electronic means of expedited communication, such as facsimile, email, and the use of on-line portals. This will align the statutory requirements for providing initial notices with actual practice and the means by which providers and insurers prefer to communicate.

Currently, § 15-10A-02(f)(1) of the Insurance Article requires a carrier to provide oral communication of an adverse decision prior to documenting the decision in writing and sending the written notice. This is outdated. Since the requirement was initially enacted, the ways in which people communicate have changed. Many people no longer answer their phones to unknown numbers, and carriers have created online portals to communicate securely with members and providers. Medical necessity determinations are often communicated to the provider (on behalf of the member) immediately via facsimile or through an online provider portal. In cases where the carrier does still use the telephone to contact the member or provider, those messages often go to voicemail with no interaction with a person. The MIA has been advised that the current statutory language can actually have the effect of delaying notification to the provider, if the carrier/PRA has to wait to provide oral communication before they can send the written notice.

The intent of Senate Bill 724 is to expressly authorize the communication of adverse decisions through the expedited electronic means that are currently available and in use. Specifically, the bill revises § 15-10A-02(f)(1) to permit a carrier, with the consent of the member or provider, to inform the member or provider of an adverse decision by text, fax, email, online portal, or other expedited means as an alternative to a telephone call, before sending the formal written notice of adverse decision. This legislation will facilitate prompt communication of adverse decisions between carriers and members/providers, benefiting both parties. The MIA believes that consumers and providers are better served by expressly authorizing the communication of adverse decisions through expedited electronic means which provide an actual record of the communication and decision.

Thank you for the opportunity to provide this written testimony in support of Senate Bill 724. The MIA is available to provide additional information and assistance to the Committee.

HB 724 - Oppose - MPS WPS.pdf

Uploaded by: Thomas Tompsett

Position: FAV



February 27, 2023

The Honorable Melony Griffith
Senate Finance Committee
3 East – Miller Senate Office Building
Annapolis, MD 21401

RE: Support – Senate Bill 724: Health Insurance Carriers - Requirements for Internal Grievance Process – Modification

Dear Chairman Griffith and Honorable Members of the Committee:

The Maryland Psychiatric Society (MPS) and the Washington Psychiatric Society (WPS) are state medical organizations whose physician members specialize in diagnosing, treating, and preventing mental illnesses, including substance use disorders. Formed more than sixty-five years ago to support the needs of psychiatrists and their patients, both organizations work to ensure available, accessible, and comprehensive quality mental health resources for all Maryland citizens; and strive through public education to dispel the stigma and discrimination of those suffering from a mental illness. As the district branches of the American Psychiatric Association covering the state of Maryland, MPS and WPS represent over 1000 psychiatrists and physicians currently in psychiatric training.

MPS/WPS strongly support Senate Bill 724: Health Insurance Carriers - Requirements for Internal Grievance Process - Modification (SB 724). When a physician or other clinician prescribes medication or treatment for a patient, the patient's insurance company or pharmaceutical benefits manager (PBM) requires an explanation as to why it is necessary before approving coverage. This utilization management tool of the insurance carriers and PBMs is called "prior authorization." While prior authorization is promoted as a health care savings mechanism, this process simply creates extensive paperwork requirements, multiple phone calls, and significant wait times for both prescribers and their patients. In the end, prior authorization often leads to patients experiencing arbitrary limits on medications and untimely and/or incomplete treatment of their underlying conditions. Over ninety percent (90%) of physicians report that prior authorization significantly negatively impacts patient outcomes.

Remarkably, no clear evidence exists that prior authorization improves patient care quality or saves money. Instead, it often results in unnecessary delays in receiving life-sustaining medications or other treatments and leads to physicians spending more time on paperwork and less time treating their patients. For individuals with psychiatric disorders, including those with serious mental illness or substance use disorders, gaps in treatment due to pre-authorization denials can lead to relapse, with increased health care costs and devastating effects for individuals and their families



As a start to fixing prior authorization, policymakers and other stakeholders should consider how the volume of prior authorization impacts patients, physicians, and the health care system. While this utilization management tool may reduce the amount health insurers are paying for care in the short term, delaying or denying medically necessary care is not an appropriate or effective long-term solution to reducing costs. Instead, prior authorization, if used at all, must be used judiciously, efficiently, and in a manner that prevents cost-shifting onto patients, physicians, and other providers.

The Maryland Insurance Administration, through HB 724, addresses one piece of the prior authorization puzzle, notice. Under the bill, 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. MPW/WPS agree with the MIA's fiscal analysis of the bill, when it stated, "[C]onsumers and providers are better served by expressly authorizing communication regarding adverse decisions through expedited electronic means."

Patients, especially those with mental health and substance use disorders, need timely access to medication and notice of denials. Please support SB 724, which makes a common-sense changes to prior authorization. If you have any questions with regard to this testimony, please feel free to contact Thomas Tompsett Jr. at tommy.tompsett@mdlobbyist.com.

Respectfully submitted,

The Maryland Psychiatric Society and the Washington Psychiatric Society
Legislative Action Committee