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Date: March 30, 2023

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

Committee: House Health and Government Operations 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 This is outdated.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.