



CORPORATE OFFICE
P.O. Box 967
Duncansville, PA 16635
P: 814-940-0407
F: 888-218-8253
pyramidhc.com

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The Hon. Joseline A. Peña-Melnyk, Chair
Health and Government Operations Committee
Maryland General Assembly
241 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

The Hon. Bonnie Cullison, Vice Chair
Health and Government Operations Committee
Maryland General Assembly
241 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

RE: Pyramid Healthcare Testimony In Favor of House Bill 1074 – An Act Concerning the “Health Insurance - Mental Health and Substance Use Disorder Benefits - Sunset Repeal and Modification of Reporting Requirements”

Dear Chair Peña-Melnyk, Vice Chair Cullison, and distinguished members of the Health and Government Operations Committee:

On behalf of the Pyramid Healthcare, Inc. (“Pyramid Healthcare”) family of companies thank you for the opportunity to submit testimony in favor of HB 1074. This bill would amend the reporting requirements that health insurance carriers must meet to demonstrate compliance with the federal Mental Health Parity and Addiction Equity Act (“Parity Act”) and state parity requirements, and place the burden of proving compliance with this law squarely on Maryland’s insurers. The bill would put stronger and more comprehensive reporting standards in place that relate to whether mental health and substance use disorder (“SUD”) care are truly accessible to Marylanders. Furthermore, the legislation would ensure the Maryland Insurance Administration (“MIA”) can meaningfully enforce a consumer’s right to non-discriminatory coverage of and access to mental health and substance use disorder care, when carriers fail to submit sufficient information to demonstrate they are complying with the law.

Pyramid Healthcare is an integrated behavioral healthcare system serving Medicaid and commercial clients in 9 states across a continuum of residential and outpatient substance abuse, mental health, autism, and eating disorder treatment services. We employ over 3,600 team members across our 80+ active facilities which treat approximately 12,000 clients on any given day.

In Maryland, we operate four locations: a withdrawal management (detoxification) & residential and an outpatient treatment center in California, a detox and residential treatment center in Charlotte Hall, and a detox & residential treatment center in Joppa. We have over 170 SUD residential treatment beds for adult Medicaid clients across the state. We are currently under construction on our new Prince George’s facility and expected to begin operations in mid-2024 with approximately 75 detox and residential treatment beds for adults with SUD. That facility will be located in outside of Bowie and will serve the residents of Prince George’s County, Anne Arundel County, and throughout central Maryland.

We provide withdrawal management, residential, and outpatient SUD treatment for adult Medicaid beneficiaries throughout Maryland. We routinely face significant barriers, however, when treating or attempting to treat Marylanders with private health insurance, which may violate federal and state mental health parity and addiction equity laws. Stronger parity compliance reporting requirements would put the burden on insurers to demonstrate that they are complying with the law, and ensure that any violations of the law could be effectively addressed to allow us to better serve our patients. Therefore, we urge the Committee to favorably report HB 1074.

When attempting to join a private insurer's provider network, we have experienced significant delays or been told that the network was full, despite knowing that the current network cannot meet the need for these services. We struggle to negotiate fair reimbursement rates with insurers that cover the cost of the care we deliver. The reimbursement rates we are offered are too low for us to treat our patients and maintain our operations. Insurers require us to submit extensive paperwork and information to get prior authorization, or continuing authorization, for treatment, which is overly burdensome and time consuming. Prior authorizations and continuing authorizations are often denied, even when a patient meets the medical necessity criteria for treatment. Insurers often deny coverage of care, without providing a clear reason for why they refuse to pay for the treatment.

While some of these treatment barriers may be occurring for medical and surgical providers as well, we have no way of knowing the insurer's practices and whether they apply more restrictive standards for mental health and SUD care. The insurers have access to all of this information, as well as outcome data that would reflect how these barriers affect access to care. That is why it is so vital that the insurers submit complete reports to the MIA detailing the comparative analysis required in federal and state laws. As providers, we cannot meaningfully challenge insurance practices that seem out of line with medical practices – such as the inability to join networks, unfair reimbursement rates, or limitations on patient care – without this information. Full and comprehensive parity analyses will allow the MIA to require insurers to eliminate any barriers to care that are more restrictive for SUD and mental health providers and patients, and Marylanders can get the care they need.

Maryland private health insurers are only required to submit two reports demonstrating their compliance with the Parity Act over a four-year period. The MIA found that, in the first set of reports, not one single insurer submitted sufficient information for agencies to determine that their plans complied with the Parity Act. The MIA imposed approximately \$1 million in fines against the largest insurers, and made a number of recommendations for how to improve the insurers' compliance with these reporting requirements, consistent with this legislation. HB 1074 would ensure that the MIA can do its job to audit compliance and that state regulators continue to audit compliance beyond 2026. Annual reporting and clarified reporting requirements through this legislation are necessary to root out the ongoing discrimination that Marylanders face in their private insurance when they need access to SUD and mental health treatment and ensure that insurers do not discriminate in the future.

Thank you for considering our views. We urge the Committee to issue a favorable report on HB 1074. Thank you for your support of behavioral health providers – including those in both mental health and substance use disorder treatment – in Maryland and for considering our policy proposals and recommendations on behalf of Pyramid Healthcare. If we can provide any additional information or materials, please contact me at crosier@pyramidhc.com or 667-270-1582. In addition, we invite you or a member of the staff to reach out and schedule a visit to one of our Maryland locations sometime soon to learn more about our programs and services.

Sincerely,

Dominic Barone, LSW, LCADC, CCS, CPRS
Vice President of Operations (Residential)

Collan B. Rosier
Vice President of Government Relations