



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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SENATE BILL 93 Health Insurance – Utilization Review – Private Review Agents

STATEMENT OF INFORMATION

DATE: February 21, 2024

COMMITTEE: Finance

SUMMARY OF BILL: Senate Bill 93 seeks to expand the use of outside private review agents to conduct utilization management review services for mental health and substance use disorders.

EXPLANATION: The Secretary of Budget and Management (DBM) has broad authority for administration of the State Employee and Retiree Health and Welfare Benefits Program (the Program) and responsibility for ensuring the Program complies with all federal and State laws governing employee benefit plans, under State Personnel & Pensions Article, Section 2-502, 2-503. DBM's Office of Personnel Services and Benefits, Employee Benefits Division, administers medical and prescription drug benefits coverage for State employees, retirees, and their dependents.

The State's health care carriers currently utilize private review agents to review claims or services in a more limited capacity. An example of this limited capacity is when services are deemed "not medically necessary". Senate Bill 93 would require an expansion of the reviews currently conducted by private review agents, which would significantly increase administrative costs and create additional layers of utilization management to the State's plan. This expanded requirement on health care carriers would likely require them to add staff and create a process to manage the volume of claims associated with mental health and substance use disorders.

The Program would expect an increase in administrative fees charged to the Program between 0.2% and 0.4% in the first year of implementation of Senate Bill 93, which equates to \$25 million to \$50 million in additional cost to the State. Additionally, it is expected the increases will trend forward annually. It would be challenging for the State to take on these additional costs. Premium increases shared between the State and employees/retirees would likely be necessary.

**For additional information, contact Laura Vykol-Gray at
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