# Department of Legislative Services

Maryland General Assembly
2025 Session

## FISCAL AND POLICY NOTE
**Third Reader - Revised**

Senate Bill 474 (Senator Beidle)
Finance Health and Government Operations

**Health Insurance - Adverse Decisions - Notices, Reporting, and Examinations**

This bill expands the required contents of (1) the written notice a carrier must provide to a member, a member's representative, and a health care provider acting on behalf of the member when the carrier renders a nonemergency adverse decision or grievance decision and (2) the quarterly appeals and grievances report each carrier must submit to the Insurance Commissioner. The bill authorizes the Commissioner to use information provided in the quarterly appeals and grievances report as a basis for an examination of the carrier.

## Fiscal Summary

**State Effect:** Any impact on the Maryland Insurance Administration can be absorbed within existing budgeted resources. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Bill Summary:**

*Written Notice When a Carrier Renders an Adverse Decision or Grievance Decision*

The written notice a carrier must send when it renders a nonemergency adverse decision must include a unique identifier for the medical director or associate medical director who made the adverse decision (for a health maintenance organization) or the designated

employee or representative of the carrier who has responsibility for the internal grievance process and the physician required to make all adverse decisions (for all other types of carriers).

The written notice a carrier must send when it renders a nonemergency grievance decision must include a unique identifier for the medical director or associate medical director who made the grievance decision (for a health maintenance organization) or the designated employee or representative of the carrier who has responsibility for the internal grievance process (for all other types of carriers).

*Appeals and Grievances Report*

If the number of adverse decisions issued by a carrier for a type of service has grown by more than 10% in the immediately preceding calendar year or 25% in the immediately preceding three years, the carrier must include (1) a description of any changes in medical management contributing to the rise in adverse decisions for the type of service; (2) any other known reasons for the increase; and (3) a description of the carrier's efforts and actions taken to determine the reason for the increase.

**Current Law:**

*Notice of Adverse Decisions and Grievances*

When a carrier renders an adverse decision or grievance decision, it must, among other actions, send within five working days a written notice to the member, the member's representative, and a health care provider acting on behalf of the member. The written notice must include specified information, including the factual bases for the carrier's decision, the name and business address of the individuals who made the decision, written details of the carrier's internal grievance process, and the right to file a complaint.

*Appeals and Grievances Report*

On a quarterly basis, each carrier must submit a report to the Commissioner that describes specified activities regarding appeals and grievances, including:

- the number of members entitled to health care benefits under a policy, plan, or certificate issued or delivered in the State by the carrier;
- the number of clean claims for reimbursement processed by the carrier;
- the outcome of each grievance filed with the carrier;
- the number and outcomes of cases that were considered emergency cases and subject to an expedited procedure;

- the time within which the carrier made a grievance decision on each case, including emergency and nonemergency cases;
- the number of grievances filed with the carrier that resulted from an adverse decision involving length of stay for inpatient hospitalization as related to the medical procedure involved; and
- the number of adverse decisions issued by the carrier for a nonemergency case and the type of service at issue in the adverse decisions.

The report must also describe the number and outcome of all other cases that resulted from an adverse decision involving the length of stay for inpatient hospitalization as related to the medical procedure involved.

The Commissioner must compile an annual summary report based on the information provided by carriers (and information provided by the Secretary of Health regarding health maintenance organizations) and provide copies of the summary report to the Governor and the General Assembly.

## Additional Information

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

**Designated Cross File:** HB 848 (Delegate Pena-Melnyk, *et al.*) - Health and Government Operations.

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

**Fiscal Note History:** First Reader - February 10, 2025
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