

# SENATE BILL 586

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CF 5lr2450

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By: **Senator Middleton**

Introduced and read first time: February 6, 2015

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Federal and State Mental Health and Addiction Parity Laws**  
3 **– Report on Compliance**

4 FOR the purpose of requiring health maintenance organizations, insurers, and nonprofit  
5 health service plans that offer certain contracts and health benefit plans to submit  
6 to the Maryland Insurance Commissioner a report certifying and outlining how  
7 certain contracts and health benefit plans comply with the federal Mental Health  
8 Parity and Addiction Equity Act and certain State mental health and addiction  
9 parity laws; requiring the report to be submitted on certain dates by a certain person  
10 and to include certain information; providing that the report is a public record;  
11 establishing certain penalties for certain violations; defining certain terms; and  
12 generally relating to federal and State mental health and addiction parity laws  
13 under health insurance.

14 BY adding to  
15 Article – Health – General  
16 Section 19–703.2  
17 Annotated Code of Maryland  
18 (2009 Replacement Volume and 2014 Supplement)

19 BY adding to  
20 Article – Insurance  
21 Section 15–802.1  
22 Annotated Code of Maryland  
23 (2011 Replacement Volume and 2014 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
25 That the Laws of Maryland read as follows:

26 **Article – Health – General**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **19-703.2.**

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
3 INDICATED.

4 (2) "ACT" MEANS THE FEDERAL MENTAL HEALTH PARITY AND  
5 ADDICTION EQUITY ACT AND ANY REGULATIONS ADOPTED UNDER THE ACT.

6 (3) "FINANCIAL REQUIREMENTS" HAS THE MEANING STATED IN THE  
7 ACT.

8 (4) "NONQUANTITATIVE TREATMENT LIMITATION" HAS THE  
9 MEANING STATED IN THE ACT.

10 (5) "QUANTITATIVE TREATMENT LIMITATION" HAS THE MEANING  
11 STATED IN THE ACT.

12 (B) (1) THIS SECTION APPLIES TO A CONTRACT ISSUED TO A MEMBER OR  
13 A SUBSCRIBER BY A HEALTH MAINTENANCE ORGANIZATION THAT:

14 (I) PROVIDES HEALTH BENEFITS AND SERVICES FOR THE  
15 TREATMENT OF DISEASES; AND

16 (II) IS SUBJECT TO THE ACT.

17 (2) A HEALTH MAINTENANCE ORGANIZATION CONTRACT THAT  
18 PROVIDES MENTAL HEALTH OR SUBSTANCE USE DISORDER BENEFITS THROUGH A  
19 CONTRACT WITH ANOTHER ENTITY IS SUBJECT TO THIS SECTION.

20 (C) EACH HEALTH MAINTENANCE ORGANIZATION THAT OFFERS A  
21 CONTRACT SUBJECT TO THIS SECTION SHALL SUBMIT TO THE COMMISSIONER A  
22 REPORT CERTIFYING AND OUTLINING HOW CONTRACTS DESIGNATED BY THE  
23 COMMISSIONER THAT WILL BE OFFERED FOR THE NEXT PLAN YEAR COMPLY WITH  
24 THE ACT AND APPLICABLE STATE MENTAL HEALTH AND ADDICTION PARITY LAWS.

25 (D) (1) THE COMMISSIONER SHALL DESIGNATE THE CONTRACTS, IN  
26 EACH MARKET IN WHICH THE HEALTH MAINTENANCE ORGANIZATION  
27 PARTICIPATES, FOR WHICH A REPORT MUST BE SUBMITTED UNDER SUBSECTION (C)  
28 OF THIS SECTION.

29 (2) THE DESIGNATED CONTRACTS SHALL REPRESENT THE FULL  
30 RANGE OF PRODUCTS THAT THE HEALTH MAINTENANCE ORGANIZATION OFFERS IN  
31 EACH MARKET.

1           **(E) THE REPORT:**

2                   **(1) SHALL BE SUBMITTED ON OR BEFORE APRIL 1, 2016, AND ON OR**  
3 **BEFORE APRIL 1 OF EACH YEAR THEREAFTER;**

4                   **(2) SHALL BE A PUBLIC RECORD; AND**

5                   **(3) SHALL IDENTIFY AND BE SUBMITTED BY THE DESIGNATED**  
6 **REPRESENTATIVE OF THE HEALTH MAINTENANCE ORGANIZATION THAT IS**  
7 **RESPONSIBLE FOR CONDUCTING A REVIEW OF COMPLIANCE WITH THE ACT AND**  
8 **APPLICABLE STATE MENTAL HEALTH AND ADDICTION PARITY LAWS.**

9           **(F) THE REPORT SHALL INCLUDE AT A MINIMUM:**

10                   **(1) (I) A LIST OF ALL COVERED AND EXCLUDED MENTAL HEALTH**  
11 **AND SUBSTANCE USE DISORDER BENEFITS BY CLASSIFICATION, AS DEFINED IN THE**  
12 **ACT; AND**

13                               **(II) A DESCRIPTION OF THE STANDARDS AND FACTORS THAT**  
14 **ARE USED TO DETERMINE WHICH MENTAL HEALTH AND SUBSTANCE USE DISORDER**  
15 **BENEFITS AND MEDICAL AND SURGICAL BENEFITS WILL BE EXCLUDED FROM**  
16 **COVERAGE;**

17                   **(2) (I) A LIST OF ANY DIFFERENCES IN THE FINANCIAL**  
18 **REQUIREMENTS AND QUANTITATIVE TREATMENT LIMITATIONS THAT APPLY TO**  
19 **MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND MEDICAL AND**  
20 **SURGICAL BENEFITS; AND**

21                               **(II) AN EXPLANATION OF WHY ANY DIFFERENT FINANCIAL**  
22 **REQUIREMENT OR QUANTITATIVE TREATMENT LIMITATION FOR MENTAL HEALTH**  
23 **AND SUBSTANCE USE DISORDER BENEFITS ON THE LIST REQUIRED IN ITEM (I) OF**  
24 **THIS ITEM COMPLIES WITH THE ACT;**

25                   **(3) (I) 1. A DESCRIPTION OF THE PROCESS USED TO DEVELOP**  
26 **OR SELECT THE MEDICAL NECESSITY CRITERIA FOR MENTAL HEALTH AND**  
27 **SUBSTANCE USE DISORDER BENEFITS AND MEDICAL AND SURGICAL BENEFITS; AND**

28                                       **2. AN EXPLANATION OF THE PROCESS BY WHICH A**  
29 **PERSON AUTHORIZED UNDER THE ACT MAY OBTAIN THE MEDICAL NECESSITY**  
30 **CRITERIA;**

1                   **(II) IDENTIFICATION OF ALL NONQUANTITATIVE TREATMENT**  
2 **LIMITATIONS THAT ARE APPLIED THROUGH THE MEDICAL NECESSITY CRITERIA TO**  
3 **MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND MEDICAL AND**  
4 **SURGICAL BENEFITS; AND**

5                   **(III) 1. A DESCRIPTION OF THE STANDARDS AND FACTORS**  
6 **THAT ARE USED TO DETERMINE WHEN TO APPLY EACH NONQUANTITATIVE**  
7 **TREATMENT LIMITATION IDENTIFIED IN ITEM (II) OF THIS ITEM TO THE MENTAL**  
8 **HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND THE MEDICAL AND**  
9 **SURGICAL BENEFITS; AND**

10                   **2. AN EXPLANATION OF HOW EACH NONQUANTITATIVE**  
11 **TREATMENT LIMITATION IS APPLIED TO THE MENTAL HEALTH AND SUBSTANCE USE**  
12 **DISORDER BENEFITS AND THE MEDICAL AND SURGICAL BENEFITS;**

13                   **(4) (I) A LIST OF ALL UTILIZATION REVIEW REQUIREMENTS THAT**  
14 **APPLY TO MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND**  
15 **MEDICAL AND SURGICAL BENEFITS;**

16                   **(II) A DESCRIPTION OF THE STANDARDS AND FACTORS THAT**  
17 **ARE USED TO DETERMINE WHEN TO APPLY EACH UTILIZATION REVIEW**  
18 **REQUIREMENT TO THE MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS**  
19 **AND THE MEDICAL AND SURGICAL BENEFITS; AND**

20                   **(III) A DESCRIPTION OF THE PROCESS THAT HEALTH CARE**  
21 **PROVIDERS, MEMBERS, OR SUBSCRIBERS MUST FOLLOW TO OBTAIN PRIOR,**  
22 **CONCURRENT, OR RETROSPECTIVE AUTHORIZATION FOR MENTAL HEALTH AND**  
23 **SUBSTANCE USE DISORDER BENEFITS AND MEDICAL AND SURGICAL BENEFITS,**  
24 **INCLUDING THE TIME FRAME OR FREQUENCY FOR SEEKING CONTINUED**  
25 **AUTHORIZATIONS;**

26                   **(5) (I) IDENTIFICATION OF ANY NONQUANTITATIVE TREATMENT**  
27 **LIMITATIONS, OTHER THAN THOSE APPLIED THROUGH MEDICAL NECESSITY**  
28 **CRITERIA UNDER ITEM (3) OF THIS SUBSECTION OR THROUGH UTILIZATION REVIEW**  
29 **REQUIREMENTS UNDER ITEM (4) OF THIS SUBSECTION, THAT APPLY TO MENTAL**  
30 **HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND MEDICAL AND SURGICAL**  
31 **BENEFITS; AND**

32                   **(II) 1. A DESCRIPTION OF THE STANDARDS AND FACTORS**  
33 **THAT ARE USED TO DETERMINE WHEN TO APPLY EACH NONQUANTITATIVE**  
34 **TREATMENT LIMITATION IDENTIFIED IN ITEM (I) OF THIS ITEM TO THE MENTAL**  
35 **HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND THE MEDICAL AND**  
36 **SURGICAL BENEFITS; AND**

1                                   **2. AN EXPLANATION OF HOW EACH NONQUANTITATIVE**  
2 **TREATMENT LIMITATION IS APPLIED TO THE MENTAL HEALTH AND SUBSTANCE USE**  
3 **DISORDER BENEFITS AND THE MEDICAL AND SURGICAL BENEFITS;**

4                                   **(6) (i) 1. A LIST OF COVERED DRUGS FOR THE TREATMENT OF**  
5 **MENTAL HEALTH AND SUBSTANCE USE DISORDERS;**

6                                   **2. IDENTIFICATION OF THE TIER ON WHICH EACH**  
7 **COVERED DRUG IS PLACED; AND**

8                                   **3. THE STANDARDS AND FACTORS THAT ARE USED TO**  
9 **DETERMINE THE PLACEMENT OF A COVERED DRUG ON A TIER;**

10                                   **(ii) IDENTIFICATION OF THE NONQUANTITATIVE TREATMENT**  
11 **LIMITATIONS THAT ARE APPLIED TO EACH COVERED DRUG USED TO TREAT MENTAL**  
12 **HEALTH AND SUBSTANCE USE DISORDERS, INCLUDING:**

13                                   **1. AUTHORIZATION REQUIREMENTS;**

14                                   **2. THERAPEUTIC SUBSTITUTION;**

15                                   **3. STEP THERAPY; AND**

16                                   **4. DOSAGE LIMITATIONS; AND**

17                                   **(iii) 1. A DESCRIPTION OF THE STANDARDS AND FACTORS**  
18 **THAT ARE USED TO DETERMINE WHEN TO APPLY EACH NONQUANTITATIVE**  
19 **TREATMENT LIMITATION TO COVERED DRUGS USED TO TREAT MENTAL HEALTH AND**  
20 **SUBSTANCE USE DISORDERS AND COVERED DRUGS USED TO TREAT MEDICAL**  
21 **CONDITIONS; AND**

22                                   **2. AN EXPLANATION OF HOW EACH NONQUANTITATIVE**  
23 **TREATMENT LIMITATION IS APPLIED TO THE DRUG BENEFITS;**

24                                   **(7) A DESCRIPTION OF THE HEALTH MAINTENANCE ORGANIZATION'S**  
25 **NETWORK ADMISSION, CREDENTIALING, AND NETWORK CLOSURE STANDARDS FOR**  
26 **MENTAL HEALTH AND SUBSTANCE USE DISORDER PROVIDERS AND MEDICAL AND**  
27 **SURGICAL PROVIDERS; AND**

28                                   **(8) A DESCRIPTION OF THE HEALTH MAINTENANCE ORGANIZATION'S**  
29 **PROCESS FOR DETERMINING THE FEE SCHEDULE AND REIMBURSEMENT RATES FOR**

1 MENTAL HEALTH AND SUBSTANCE USE DISORDER PROVIDERS AND MEDICAL AND  
2 SURGICAL PROVIDERS.

3 (G) THE COMMISSIONER SHALL IMPOSE:

4 (1) AN ADMINISTRATIVE PENALTY OF UP TO \$5,000 FOR EACH  
5 VIOLATION OF THIS SECTION; AND

6 (2) AN ADDITIONAL PENALTY OF UP TO \$1,000 FOR EACH DAY THE  
7 VIOLATION CONTINUES.

8 Article – Insurance

9 15-802.1.

10 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
11 INDICATED.

12 (2) “ACT” MEANS THE FEDERAL MENTAL HEALTH PARITY AND  
13 ADDICTION EQUITY ACT AND ANY REGULATIONS ADOPTED UNDER THE ACT.

14 (3) “FINANCIAL REQUIREMENTS” HAS THE MEANING STATED IN THE  
15 ACT.

16 (4) “HEALTH BENEFIT PLAN”:

17 (I) FOR A GROUP OR BLANKET PLAN IN THE LARGE GROUP  
18 MARKET, HAS THE MEANING STATED IN § 15-1401 OF THIS TITLE;

19 (II) FOR A GROUP IN THE SMALL GROUP MARKET, HAS THE  
20 MEANING STATED IN § 31-101 OF THIS ARTICLE; AND

21 (III) FOR AN INDIVIDUAL PLAN, HAS THE MEANING STATED IN §  
22 15-1301 OF THIS TITLE.

23 (5) “NONQUANTITATIVE TREATMENT LIMITATION” HAS THE  
24 MEANING STATED IN THE ACT.

25 (6) “QUANTITATIVE TREATMENT LIMITATION” HAS THE MEANING  
26 STATED IN THE ACT.

27 (B) (1) THIS SECTION APPLIES TO EACH INDIVIDUAL, GROUP, AND  
28 BLANKET HEALTH BENEFIT PLAN THAT IS:

1           **(I) DELIVERED OR ISSUED FOR DELIVERY IN THE STATE BY AN**  
2 **INSURER OR A NONPROFIT HEALTH SERVICE PLAN; AND**

3           **(II) SUBJECT TO THE ACT.**

4           **(2) AN INDIVIDUAL, GROUP, OR BLANKET HEALTH BENEFIT PLAN**  
5 **THAT PROVIDES MENTAL HEALTH OR SUBSTANCE USE DISORDER BENEFITS**  
6 **THROUGH A CONTRACT WITH ANOTHER ENTITY IS SUBJECT TO THIS SECTION.**

7           **(C) EACH INSURER OR NONPROFIT HEALTH SERVICE PLAN THAT OFFERS A**  
8 **HEALTH BENEFIT PLAN SUBJECT TO THIS SECTION SHALL SUBMIT TO THE**  
9 **COMMISSIONER A REPORT CERTIFYING AND OUTLINING HOW THE HEALTH BENEFIT**  
10 **PLANS DESIGNATED BY THE COMMISSIONER THAT WILL BE OFFERED FOR THE NEXT**  
11 **PLAN YEAR COMPLY WITH THE ACT AND APPLICABLE STATE MENTAL HEALTH AND**  
12 **ADDICTION PARITY LAWS.**

13           **(D) (1) THE COMMISSIONER SHALL DESIGNATE THE HEALTH BENEFIT**  
14 **PLANS, IN EACH MARKET IN WHICH THE INSURER OR NONPROFIT HEALTH SERVICE**  
15 **PLAN PARTICIPATES, FOR WHICH A REPORT MUST BE SUBMITTED UNDER**  
16 **SUBSECTION (C) OF THIS SECTION.**

17           **(2) THE DESIGNATED CONTRACTS SHALL REPRESENT THE FULL**  
18 **RANGE OF PRODUCTS THAT THE INSURER OR NONPROFIT HEALTH SERVICE PLAN**  
19 **OFFERS IN EACH MARKET.**

20           **(E) THE REPORT:**

21           **(1) SHALL BE SUBMITTED ON OR BEFORE APRIL 1, 2016, AND ON OR**  
22 **BEFORE APRIL 1 OF EACH YEAR THEREAFTER;**

23           **(2) SHALL BE A PUBLIC RECORD; AND**

24           **(3) SHALL IDENTIFY AND BE SUBMITTED BY THE REPRESENTATIVE**  
25 **OF THE INSURER OR NONPROFIT HEALTH SERVICE PLAN THAT IS RESPONSIBLE FOR**  
26 **CONDUCTING A REVIEW OF COMPLIANCE WITH THE ACT AND APPLICABLE STATE**  
27 **MENTAL HEALTH AND ADDICTION PARITY LAWS.**

28           **(F) THE REPORT SHALL INCLUDE AT A MINIMUM:**

29           **(1) (I) A LIST OF ALL COVERED AND EXCLUDED MENTAL HEALTH**  
30 **AND SUBSTANCE USE DISORDER BENEFITS BY CLASSIFICATION, AS DEFINED IN THE**  
31 **ACT; AND**

1                   (II) A DESCRIPTION OF THE STANDARDS AND FACTORS THAT  
2 ARE USED TO DETERMINE WHICH MENTAL HEALTH AND SUBSTANCE USE DISORDER  
3 BENEFITS AND MEDICAL AND SURGICAL BENEFITS WILL BE EXCLUDED FROM  
4 COVERAGE;

5                   (2) (I) A LIST OF ANY DIFFERENCES IN THE FINANCIAL  
6 REQUIREMENTS AND QUANTITATIVE TREATMENT LIMITATIONS THAT APPLY TO  
7 MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND MEDICAL AND  
8 SURGICAL BENEFITS; AND

9                   (II) AN EXPLANATION OF WHY ANY DIFFERENT FINANCIAL  
10 REQUIREMENT OR QUANTITATIVE TREATMENT LIMITATION FOR MENTAL HEALTH  
11 AND SUBSTANCE USE DISORDER BENEFITS ON THE LIST REQUIRED IN ITEM (I) OF  
12 THIS ITEM COMPLIES WITH THE ACT;

13                   (3) (I) 1. A DESCRIPTION OF THE PROCESS USED TO DEVELOP  
14 OR SELECT THE MEDICAL NECESSITY CRITERIA FOR MENTAL HEALTH AND  
15 SUBSTANCE USE DISORDER BENEFITS AND MEDICAL AND SURGICAL BENEFITS; AND

16   2. AN EXPLANATION OF THE PROCESS BY WHICH A  
17 PERSON AUTHORIZED UNDER THE ACT MAY OBTAIN THE MEDICAL NECESSITY  
18 CRITERIA;

19                   (II) IDENTIFICATION OF ALL NONQUANTITATIVE TREATMENT  
20 LIMITATIONS THAT ARE APPLIED THROUGH THE MEDICAL NECESSITY CRITERIA TO  
21 MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND MEDICAL AND  
22 SURGICAL BENEFITS; AND

23                   (III) 1. A DESCRIPTION OF THE STANDARDS AND FACTORS  
24 THAT ARE USED TO DETERMINE WHEN TO APPLY EACH NONQUANTITATIVE  
25 TREATMENT LIMITATION IDENTIFIED IN ITEM (II) OF THIS ITEM TO THE MENTAL  
26 HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND THE MEDICAL AND  
27 SURGICAL BENEFITS; AND

28   2. AN EXPLANATION OF HOW EACH NONQUANTITATIVE  
29 TREATMENT LIMITATION IS APPLIED TO THE MENTAL HEALTH AND SUBSTANCE USE  
30 DISORDER BENEFITS AND THE MEDICAL AND SURGICAL BENEFITS;

31                   (4) (I) A LIST OF ALL UTILIZATION REVIEW REQUIREMENTS THAT  
32 APPLY TO MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND  
33 MEDICAL AND SURGICAL BENEFITS;



1                   **(II) A DESCRIPTION OF THE STANDARDS AND FACTORS THAT**  
2 **ARE USED TO DETERMINE WHEN TO APPLY EACH UTILIZATION REVIEW**  
3 **REQUIREMENT TO THE MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS**  
4 **AND THE MEDICAL AND SURGICAL BENEFITS; AND**

5                   **(III) A DESCRIPTION OF THE PROCESS THAT HEALTH CARE**  
6 **PROVIDERS OR INSUREDS MUST FOLLOW TO OBTAIN PRIOR, CONCURRENT, OR**  
7 **RETROSPECTIVE AUTHORIZATION FOR MENTAL HEALTH AND SUBSTANCE USE**  
8 **DISORDER BENEFITS AND MEDICAL AND SURGICAL BENEFITS, INCLUDING THE TIME**  
9 **FRAME OR FREQUENCY FOR SEEKING CONTINUED AUTHORIZATIONS;**

10                   **(5) (I) IDENTIFICATION OF ANY NONQUANTITATIVE TREATMENT**  
11 **LIMITATIONS, OTHER THAN THOSE APPLIED THROUGH MEDICAL NECESSITY**  
12 **CRITERIA UNDER ITEM (3) OF THIS SUBSECTION OR THROUGH UTILIZATION REVIEW**  
13 **REQUIREMENTS UNDER ITEM (4) OF THIS SUBSECTION, THAT APPLY TO MENTAL**  
14 **HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND MEDICAL AND SURGICAL**  
15 **BENEFITS; AND**

16                   **(II) 1. A DESCRIPTION OF THE STANDARDS AND FACTORS**  
17 **THAT ARE USED TO DETERMINE WHEN TO APPLY EACH NONQUANTITATIVE**  
18 **TREATMENT LIMITATION IDENTIFIED IN ITEM (I) OF THIS ITEM TO THE MENTAL**  
19 **HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND THE MEDICAL AND**  
20 **SURGICAL BENEFITS; AND**

21                   **2. AN EXPLANATION OF HOW EACH NONQUANTITATIVE**  
22 **TREATMENT LIMITATION IS APPLIED TO THE MENTAL HEALTH AND SUBSTANCE USE**  
23 **DISORDER BENEFITS AND THE MEDICAL AND SURGICAL BENEFITS;**

24                   **(6) (I) 1. A LIST OF COVERED DRUGS FOR THE TREATMENT OF**  
25 **MENTAL HEALTH AND SUBSTANCE USE DISORDERS;**

26                   **2. IDENTIFICATION OF THE TIER ON WHICH EACH**  
27 **COVERED DRUG IS PLACED; AND**

28                   **3. THE STANDARDS AND FACTORS THAT ARE USED TO**  
29 **DETERMINE THE PLACEMENT OF A COVERED DRUG ON A TIER;**

30                   **(II) IDENTIFICATION OF THE NONQUANTITATIVE TREATMENT**  
31 **LIMITATIONS THAT ARE APPLIED TO EACH COVERED DRUG USED TO TREAT MENTAL**  
32 **HEALTH AND SUBSTANCE USE DISORDERS, INCLUDING:**

33                   **1. AUTHORIZATION REQUIREMENTS;**

1                                   **2. THERAPEUTIC SUBSTITUTION;**

2                                   **3. STEP THERAPY; AND**

3                                   **4. DOSAGE LIMITATIONS; AND**

4                                   **(III) 1. A DESCRIPTION OF THE STANDARDS AND FACTORS**  
5 **THAT ARE USED TO DETERMINE WHEN TO APPLY EACH NONQUANTITATIVE**  
6 **TREATMENT LIMITATION TO COVERED DRUGS USED TO TREAT MENTAL HEALTH AND**  
7 **SUBSTANCE USE DISORDERS AND COVERED DRUGS USED TO TREAT MEDICAL**  
8 **CONDITIONS; AND**

9                                   **2. AN EXPLANATION OF HOW EACH NONQUANTITATIVE**  
10 **TREATMENT LIMITATION IS APPLIED TO THE DRUG BENEFITS;**

11                                   **(7) A DESCRIPTION OF THE NETWORK ADMISSION, CREDENTIALING,**  
12 **AND NETWORK CLOSURE STANDARDS OF THE INSURER OR NONPROFIT HEALTH**  
13 **SERVICE PLAN FOR MENTAL HEALTH AND SUBSTANCE USE DISORDER PROVIDERS**  
14 **AND MEDICAL AND SURGICAL PROVIDERS; AND**

15                                   **(8) A DESCRIPTION OF THE PROCESS USED BY THE INSURER OR**  
16 **NONPROFIT HEALTH SERVICE PLAN FOR DETERMINING THE FEE SCHEDULE AND**  
17 **REIMBURSEMENT RATES FOR MENTAL HEALTH AND SUBSTANCE USE DISORDER**  
18 **PROVIDERS AND MEDICAL AND SURGICAL PROVIDERS.**

19                                   **(G) THE COMMISSIONER SHALL IMPOSE:**

20                                   **(1) AN ADMINISTRATIVE PENALTY OF UP TO \$5,000 FOR EACH**  
21 **VIOLATION OF THIS SECTION; AND**

22                                   **(2) AN ADDITIONAL PENALTY OF UP TO \$1,000 FOR EACH DAY THE**  
23 **VIOLATION CONTINUES.**

24                                   **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**  
25 **October 1, 2015.**