

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 1057 (Delegate Doory)  
Economic Matters

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**Health Maintenance Organizations - Negotiated Alternative Rates - Coinsurance Payments**

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This bill specifies that if an HMO negotiates alternative rates of payment with health care providers and coinsurance payments are required from enrollees, the coinsurance amount must be based exclusively on a percentage of the negotiated alternative rate paid to health care providers for services rendered. The HMO may not charge an enrollee a coinsurance amount that is greater than the calculated amount.

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**Fiscal Summary**

**State Effect:** None. HMOs operating under the State employee health benefit program do not require coinsurance payments.

**Local Effect:** None.

**Small Business Effect:** Potential minimal effect on small businesses as discussed below.

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**Fiscal Analysis**

**Small Business Effect:** To the extent that costs increase for HMOs as a result of this bill and HMOs raise premiums to cover that increase, self-employed persons and small businesses that offer health insurance through HMOs could face higher health care costs. Alternatively, small businesses could pass an increase in health insurance premium costs onto their employees. Most HMOs, however, have fixed copayment arrangements and do not require coinsurance payments.

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**Information Source(s):** Insurance Administration, Department of Budget and Management,

Department of Health and Mental Hygiene (Medical Care Policy Administration),  
Department of Fiscal Services

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