

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 1032 (Delegate Donoghue, *et al.*)
Health and Government Operations

Health Insurance Carriers - Required Disclosures

This bill requires a health insurer, nonprofit health service plan, dental plan organization, or HMO (carrier) to identify and disclose in its enrollment sales materials the carrier's policies regarding reimbursement for health care services when its coverage is secondary to the coverage provided by another carrier, including Medicare. The disclosure must include information on reimbursement for copayments, deductibles, coinsurance, and health care services not covered by the primary carrier.

Fiscal Summary

State Effect: To the extent carriers incur additional printing costs and pass them on to the State Employee and Retiree Health and Welfare Benefits Plan (State Plan), State plan expenditures could increase in FY 2005 only. Any increase is assumed to be negligible.

Local Effect: To the extent carriers incur additional printing costs and pass them on to local jurisdiction employee health benefits plans, their expenditures could increase.

Small Business Effect: To the extent carriers incur additional printing costs and pass them on to small business health benefit plans, their expenditures could increase.

Analysis

Current Law: A carrier must disclose in layman's terms in its enrollment sales materials the reimbursement methodology or methodologies used to reimburse physicians for health care services rendered to enrollees, including capitation, case rates, discount fee-for-service, and fee-for-service reimbursement methodologies. A carrier must

disclose the distribution of each \$100 it receives in premium dollars from enrollees for the preceding calendar year.

A carrier may include nonduplication or coordination of coverage provisions in its health insurance policy or contract with an enrollee. A coordination of benefits provision permits a carrier to coordinate coverage with other health insurance policies.

Background: In situations where a person has health insurance coverage under more than one policy, carriers coordinate benefits by deeming one policy the primary payor and the other the secondary payor. Claims are submitted to the primary payor, and in circumstances where the primary payor does not cover all services, the secondary payor may cover some or all of the remaining charges, deductibles, copayments, or coinsurance.

When a person has both Medicare coverage and private health insurance coverage, Medicare is the primary payor if the individual is retired, and the secondary payor if the individual is still working.

Additional Information

Prior Introductions: None.

Cross File: SB 593 (Senator Gladden, *et al.*) – Finance.

Information Source(s): Maryland Insurance Administration, Department of Health and Mental Hygiene (Maryland Health Care Commission), Department of Legislative Services

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