

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**

Senate Bill 701 (Chairman, Finance Committee)  
Finance

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**Nonprofit Health Service Plans - Amendment of Provider Contracts**

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This bill eliminates a requirement that nonprofit health service plans submit proposed amendments to the Insurance Administration concerning the terms of contracts executed with hospitals, physicians, chiropodists, chiropractors, pharmacists, dentists, psychologists, or optometrists.

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**Fiscal Summary**

**State Effect:** Indeterminate. Potential minimal reduction in administrative workload. State employee health benefit and Medicaid program expenditures could be affected in the long-term by an indeterminate amount. General fund revenues could be affected by an indeterminate amount.

**Local Effect:** Expenditures for local jurisdiction employee health benefits could be affected by an indeterminate amount.

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**Fiscal Analysis**

**State Revenues:** General fund revenues could be affected by an indeterminate amount as a result of the State's 2% insurance premium tax that would apply to any change in health insurance premiums resulting from the bill's requirements. The State's premium tax is only applicable to "for-profit" insurance carriers.

**State Expenditures:** The effect of the bill is to remove the requirement for Insurance Administration review of Blue Cross Blue Shield amendments to provider reimbursement contracts. The decrease in the Insurance Administration's workload, however, would not be enough to produce significant expenditure reductions. State employee health benefit and Medicaid program expenditures could decrease or increase in the long-term to the extent that

the lack of review results in fewer modifications to Blue Cross Blue Shield's proposed amendments to provider reimbursement rates. In the present managed health care environment, it is assumed that amendments to provider reimbursement rates will be downward.

**Local Expenditures:** Expenditures for local jurisdiction employee health benefits could be affected by an indeterminate amount, depending upon the current type of health care coverage offered and number of enrollees.

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**Information Source(s):** Insurance Administration, Department of Budget and Fiscal Planning, Department of Health and Mental Hygiene (Health Care Access and Cost Commission), Department of Fiscal Services

**Fiscal Note History:** First Reader - February 26, 1996

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