

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 192 (Delegate Goldwater, et al.)
Economic Matters

Osteoporosis Prevention and Treatment Education Act

This bill requires health insurers to: (1) provide coverage for qualified individuals of bone mass measurement for the prevention, diagnosis, and treatment of osteoporosis; and (2) educate its enrollees about current methods of prevention and treatment of osteoporosis. This bill applies to health insurance contracts that take effect on or after October 1, 1996.

Fiscal Summary

State Effect: If the State elects to include this mandated benefit in the State employee health benefit plan, expenditures could increase by \$92,200 in FY 1997. Future year expenditures grow with annualization and inflation. General fund revenues could increase by an indeterminate minimal amount.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expend.*	92,200	194,600	205,300	216,600	228,500
Net Effect*	(\$92,200)	(\$194,600)	(\$205,300)	(\$216,600)	(\$228,500)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

*assumes a mix of 60% general funds, 20% special funds, 20% federal funds

Local Effect: Expenditures for local jurisdiction employee health benefits could increase by an indeterminate amount. Revenues would not be affected.

Fiscal Analysis

State Revenues: General fund revenues could increase by an indeterminate minimal amount in fiscal 1997 as a result of the State's 2% insurance premium tax that would apply to any increased health insurance premiums resulting from the bill's requirements. The State's premium tax is only applicable to "for-profit" insurance carriers.

In addition, general fund revenues could increase by an indeterminate minimal amount in fiscal 1997 since insurance companies that do not already provide the coverage mandated by the bill's requirements will be subject to rate and form filing fees. Each insurer (with the exception of health maintenance organizations) that amends its insurance policy must submit the proposed change to the Insurance Administration and pay a \$100 form filing fee. Further, each insurer (with the exception of health maintenance organizations) that revises its rates must submit the proposed rate change to the Insurance Administration and pay a \$100 rate filing fee. It is not possible to reliably estimate the number of insurers who will file new forms and rates as a result of the bill's requirements, since rate and form filings often combine several rate and policy amendments at one time.

State Expenditures: Although the State is self-insured and not required to cover mandated health benefits, in the past the State employee health benefit plan has always included coverage for mandated health benefits. Therefore, if the State chooses to include the bill's mandated benefit, expenditures could increase by an estimated \$92,200 (assumes a mix of 60% general funds, 20% special funds, and 20% federal funds) in fiscal 1997. The estimate assumes: (1) 174,800 covered lives (does not include State employees in health maintenance organization (HMO) plans, since the bill's requirements do not apply to HMOs); (2) a tenfold increase in the current utilization rate of the bone mass measurement procedure due to the bill's requirements which establish the procedure as a screening technique in addition to treatment; (3) average cost for bone mass measurement of \$250; and (4) a 90-day start-up delay from the bill's effective date of October 1, 1996. Future year expenditures reflect medical cost inflation of 5.5% and annualization beginning in fiscal 1998.

Although the number of State employees has remained relatively constant in recent years, the fiscal 1997 budget allowance reflects a net decrease of 851 permanent positions. Any decrease in covered lives would serve to mitigate the projected expenditure growth, but it is not possible to reliably estimate the extent at this time.

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

Information Source(s): Department of Budget and Fiscal Planning, Insurance Administration, Department of Health and Mental Hygiene (Local and Family Health Administration, Medical Care Programs Administration)

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