

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 642 (Senator Hughes)
Finance

Advisory Committee on Health Maintenance Organization Performance

This bill establishes a 13-member Advisory Committee on Health Maintenance Organization Performance. The Department of Health and Mental Hygiene, the Health Care Access and Cost Commission, and the Insurance Administration are to provide staff for the advisory committee. The purpose of the committee is to promote the dissemination of health maintenance organization (HMO) information including evaluation of quality of care, financial conditions, medical loss-ratio, and investigation of complaints.

Fiscal Summary

State Effect: None. The bill's requirements can be handled with existing budgeted resources.

Local Effect: None.

Fiscal Analysis

State Expenditures: The Insurance Administration advises that general fund expenditures could increase by an estimated \$33,600 in fiscal 1997, which reflects the cost of hiring one Technician to extract and summarize financial data reported by HMOs in their annual statements to the administration in a format understandable to a lay person.

The Department of Fiscal Services advises, however, that the bulk of the work resulting from the bill's requirements is front-loaded, i.e., in designing a format for the advisory committee; once that is completed for the first HMO, the extraction/summarization work for the 19 remaining HMOs should prove less time-consuming. As a result, it is assumed that the bill's requirements could be handled with existing budgeted resources.

It is assumed that advisory committee members would be eligible for expense

reimbursements according to the standard State travel regulations. Expense reimbursements would depend upon the time, location, and frequency of the committee's meetings. It is expected that reimbursements for the governmental members could be handled with the existing resources of the governmental entities represented on the committee. Likewise, reimbursements for the non-governmental members could be handled within the Executive Department's existing resources.

It is also assumed that the Department of Health and Mental Hygiene, the Health Care Access and Cost Commission, and the Insurance Administration could provide staff for the advisory committee with existing resources.

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

Fiscal Note History: First Reader - February 21, 1996

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