

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 463 (Delegate Barve, et al.)
Economic Matters

Small Employer Group Health Insurance - Eligibility - Retirees

This bill alters the Maryland Health Care and Insurance Reform Act of 1993 by extending access to the comprehensive standard health benefit plan to retirees of small employers. It also makes technical corrections to the Act. Provisions of this bill related to retirees are to be applied retroactively to any health benefit plan issued or renewed on or after July 1, 1994.

Fiscal Summary

State Effect: General fund revenues could increase by an estimated \$6,000 in FY 1997, with the possibility of additional indeterminate revenue increases. Expenditures could decrease by an indeterminate but significant amount.

Local Effect: Local health department expenditures could decrease by an indeterminate amount. Revenues would not be affected.

Fiscal Analysis

State Revenues: Since the bill extends access to health insurance to a greater number of Marylanders, general fund revenues could increase by an indeterminate amount as a result of the State's 2% insurance premium tax that would apply to any increased health insurance premiums. The State's premium tax is only applicable to "for-profit" insurance carriers.

In addition, general fund revenues could increase by an estimated \$6,000 in fiscal 1997 since the bill's requirements could subject insurance companies 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. An estimated 40 insurers will revise forms and be required to pay the \$100 filing fee, and an estimated 20 insurers will change their rates and be required to pay the \$100 filing fee, for a total of \$6,000 additional general fund revenues.

State Expenditures: The number of uninsured persons in Maryland could decrease as a result of this bill, thereby decreasing the amount of uncompensated care. This could result in reduced expenditures for (1) the Medicaid program and the State employee health benefit plan due to lower hospital rates; (2) health services funding to local health departments which serve the “grey-area” population (those who have too much income to be eligible for Medicaid but cannot afford health insurance); and (3) the Primary Care for the Medically Indigent program which serves those not eligible for Medicaid. It is not possible at this time to estimate the decrease, although it could be significant.

Local Expenditures: Local health department expenditures could decrease by an indeterminate but significant amount to the extent that the bill results in fewer uninsured individuals in a jurisdiction.

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

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