

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 524 (Delegate Hammen)
Environmental Matters

Health Maintenance Organizations - External Review of Quality

This bill authorizes the Secretary of Health and Mental Hygiene to waive the requirement for an external review of quality of a health maintenance organization (HMO) by the department if the HMO has been accredited by a nationally recognized accrediting entity and if the Secretary determines that the standards used by the entity are substantially equivalent to the department's own standards. The Secretary is authorized to inspect any HMO facility to investigate a complaint or follow up on a serious problem identified in an accreditation report.

Fiscal Summary

State Effect: Potential minimal decrease in general fund expenditures. No effect on revenues.

Local Effect: None.

Fiscal Analysis

State Expenditures: Of the 21 currently licensed HMOs, two have full accreditation and three have one-year accreditation status. Assuming that the Secretary of Health and Mental Hygiene will consider only fully accredited HMOs as equivalent to the department's own standards, 19 HMOs would continue to require an external review by the department. Although future year general fund expenditures could theoretically decrease to the extent that a greater number of HMOs receive full accreditation and the department conducts fewer HMO survey reviews, it is more likely that staff resources no longer needed to conduct HMO surveys will be reassigned to other licensure functions.

Information Source(s): Insurance Administration, Department of Health and Mental Hygiene (Office of Licensing and Certification), Department of Budget and Fiscal Planning, Department of Fiscal Services

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