

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1154 (Delegate Morhaim, et al.)
Environmental Matters

Utilization Review - Adverse Decisions

This bill prohibits private review agents from rendering an adverse decision under certain circumstances for services determined to be medically necessary by the patient's attending physician.

Fiscal Summary

State Effect: Potential indeterminate increase in revenues and expenditures.

Local Effect: Potential indeterminate increase in expenditures. No effect on revenues.

Fiscal Analysis

State Revenues: 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 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 amount since the bill's requirements could subject insurance companies to rate and form filings. 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 would file new forms and rates, since rate and form filings often combine several rate and policy amendments at one time.

State Expenditures: Expenditures for the State employee health benefit plan and the non-fee-for-service portion of the Medicaid program could increase depending on the frequency with which the two circumstances specified in the bill occur. The bill prohibits an adverse decision by a private review agent if: (1) the attending physician is under contract with the entity for which the private review agent is performing utilization review services; or (2) the services were unable to be provided in a timely manner. It is not possible at this time to reliably estimate the frequency with which these circumstances might apply.

Local Expenditures: Expenditures for local jurisdiction employee health benefits could increase by an indeterminate amount, depending upon the frequency with which the two circumstances specified in the bill occur.

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

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