

**Department of Fiscal Services**  
 Maryland General Assembly

**FISCAL NOTE**

Senate Bill 335 (Senator Forehand, et al.)  
 Finance

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**Health Insurers and Health Maintenance Organizations - Provision of Sample Policies and Copies of Premium Rates**

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This bill requires a health insurer or health maintenance organization (HMO) to provide on request a sample copy of its health insurance contract and premium rates.

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**Fiscal Summary**

**State Effect:** Assuming a significant increase in consumer complaints, general fund expenditures could increase by an estimated \$32,400 in FY 1997. Future year expenditures grow with annualization and inflation. Revenues would not be affected.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	32,400	36,500	37,800	39,200	40,700
Net Effect	(\$32,400)	(\$36,500)	(\$37,800)	(\$39,200)	(\$40,700)

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

**Local Effect:** None.

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**Fiscal Analysis**

**State Expenditures:** General fund expenditures could increase by an estimated \$32,383 in fiscal 1997, which reflects the bill's October 1, 1996 effective date. This estimate reflects the cost of hiring one Technician position in the Insurance Administration to handle an increase in consumer complaints about health insurers' failure to comply with health insurance policies and premium rates. It includes salaries of \$18,835, fringe benefits, one-time start-up costs, and ongoing operating expenses. This estimate assumes that the opportunity to review health insurers' policies and rates would generate a significant increase in consumer complaints.

Salaries and Fringe Benefits	\$25,870
Office Equipment	5,215
Other Operating Expenses	<u>1,298</u>
<b>Total FY 1997 State Expenditures</b>	<b>\$32,383</b>

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses.

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**Information Source(s):** Insurance Administration, Department of Health and Mental Hygiene (Medical Care Programs Administration)

**Fiscal Note History:** First Reader - February 12, 1996  
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