

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 796 (Delegate Busch)  
Economic Matters

Referred to Finance

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**Insurance - Workers' Compensation - Rate Credits**

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This amended bill provides that a workers' compensation insurer may use prospective rate credits for employers that agree to use a managed care plan offered by the insurer. The insurer must file any such rate credit with the Insurance Commissioner. The bill does not limit an injured employee's right to seek treatment from the medical care provider of the employee's choice, and an insurer that offers a managed care plan must provide an injured employee with a written notice of this right.

The Insurance Commissioner must submit a report to the General Assembly on the availability and use of workers' compensation managed care plans by October 1, 2000.

The bill sunsets on September 30, 2001.

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**Fiscal Summary**

**State Effect:** Potential minimal increase in general fund revenue to the extent that insurers submit revised rate filings to the Insurance Commissioner and pay the \$100 fee. State expenditures for workers' compensation coverage would not be affected because the State is self-insured and the bill impacts workers' compensation coverage purchased by private insurers. The additional duties placed on the Insurance Commissioner could be handled with existing resources.

**Local Effect:** Potential decrease in local expenditures for those employer's who purchase workers' compensation coverage, as discussed below. Revenues would not be affected.

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## Fiscal Analysis

**Local Expenditures:** Expenditures could decrease for a local government employer who purchases workers' compensation coverage from a private insurer if that insurer offers a prospective rate credit for a managed care option. The Department of Fiscal Services estimates that the bill would not impact very many local employers because many are self-insured or purchase insurance through the Injured Workers' Insurance Fund (IWIF). Since IWIF is exempt from the Insurance Commissioner's control, the bill would not impact IWIF's premium rates.

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**Information Source(s):** Workers' Compensation Commission, Injured Workers' Insurance Fund, Subsequent Injury Fund, Uninsured Employers' Fund, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 12, 1996  
ncs Revised - House Third Reader - March 26, 1996

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