

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 276 (Senator Forehand, et al.)

Finance

Referred to Economic Matters

Health Insurance - Prohibiting Use of Genetic Tests

This amended bill prohibits health insurers and health maintenance organizations (HMOs) from: (1) using a genetic test to affect the cost or coverage of health insurance policies; (2) requiring a genetic test to determine whether to issue or renew health benefits coverage; or (3) releasing the results of a genetic test without prior written authorization of the individual from whom the test was derived.

The Insurance Commissioner is authorized to issue an order to (1) revoke or suspend a certificate of authority; (2) cease and desist; (3) review an insurer's action relating to unfairness or discrimination in underwriting; or (4) require an insurer to accept a certain risk or business. The Commissioner is authorized to impose a penalty of between \$100 and \$50,000 for each violation of the bill.

The bill takes effect on October 1, 1996 and terminates as of September 30, 2002.

Fiscal Summary

State Effect: Medicaid expenditures could decrease by an indeterminate moderate amount. General fund revenues could increase by an indeterminate moderate amount.

Local Effect: Local health department expenditures could decrease by an indeterminate amount but expenditures for local jurisdiction employee health benefits could increase by an indeterminate amount. Revenues would not be affected.

Fiscal Analysis

State Revenues: General fund revenues could increase by an indeterminate moderate 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 prohibition on health insurers and HMOs using genetic test results to affect health insurance policies. The State's premium tax is only applicable to "for-profit" insurance carriers.

In addition, general fund revenues could increase by an indeterminate minimal amount in fiscal 1997 since insurance companies could be subject 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. 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.

Further, general fund revenues could increase by an indeterminate amount, depending on the magnitude of any penalties imposed by the Insurance Commissioner. Any such increase is assumed to be minimal.

State Expenditures: Medicaid expenditures could decrease by an indeterminate moderate amount because insurers could not deny coverage to persons at increased risk for genetic disorders who might otherwise seek Medicaid coverage. It is not possible to reliably estimate the number of persons who would be affected.

The number of uninsured persons in Maryland could also decrease, thereby decreasing the cost of: (1) hospital uncompensated and Medicaid costs due to lower hospital rates; (2) health services funding to local health departments; 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 reliably estimate the extent of any such decrease.

Local Expenditures: Local health department expenditures could decrease by an indeterminate amount to the extent that the bill results in fewer uninsured individuals in a jurisdiction. On the other hand, expenditures for local jurisdiction employee health benefits could increase by an indeterminate amount, depending upon the current type of health care coverage offered and number of enrollees.

Information Source(s): Department of Budget and Fiscal Planning, Insurance Administration, Department of Health and Mental Hygiene (Local and Family Health Administration, Medical Care Programs Administration), Department of Fiscal Services

Fiscal Note History: First Reader - February 7, 1996

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