

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 731 (Delegate Barve, *et al.*)
Economic Matters

Referred to Finance

**Health Maintenance Organizations - Benefit Packages - Coverage for Certain
Blood and Blood Products**

This enrolled bill prohibits an HMO from excluding payments for blood products, both derivatives and components, that otherwise would be covered under the HMO's benefit package. The bill excludes coverage for whole blood or concentrated red blood cells.

The bill will take effect October 1, 1997.

Fiscal Summary

State Effect: If the State chooses to include the bill's mandated benefit as part of the State employee health benefit plan, expenditures could increase by an indeterminate but potentially significant amount beginning in FY 1998. General fund revenues would not be affected.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase by an indeterminate but potentially significant amount. Revenues would not be affected.

Small Business Effect: Potential meaningful effect on small businesses as discussed below.

Fiscal Analysis

State Effect: Currently, the State employee health benefit plan offers coverage for whole blood and whole blood transfusions under all health plans, including HMOs. The HMO plans offered through the State do not provide coverage for blood derivatives and components, such as platelet and bone marrow. As a result of this bill, medical care costs for HMOs could increase by an indeterminate but potentially significant amount because the cost of some blood products can be significant. The State employee health benefit plan is insured for HMO plans; HMOs would pass the increased costs onto the State employee health benefit

plan through higher premiums. In addition, if the State employee health benefit plan offers this mandated coverage through its HMO plans, it would also extend the coverage to its Point-of-Service (POS) and Preferred Provider Organization (PPO) plans. Consequently, expenditures for the State employee health benefit plan could increase by an indeterminate but potentially significant amount.

Local Expenditures: Expenditures for local jurisdiction employee health benefits could increase by an indeterminate but potentially significant amount, depending upon the current type of health care coverage offered and number of enrollees.

Small Business Effect: The expected increase in health insurance costs to small businesses as a result of this bill cannot be reliably estimated at this time, but it is expected to be meaningful. In 1995, 40% of small businesses were covered under the Comprehensive Standard Health Benefit Plan (CSHBP), which is exempt from State mandated benefits. If the CSHBP adds this benefit as a covered service, the insurance cost for participating small businesses would increase. For the remaining 60% of small businesses, health insurance costs would increase if they offer health insurance through an HMO. Alternatively, small businesses could pass an increase in health insurance premium costs onto their employees.

Information Source(s): Insurance Administration; Department of Health and Mental Hygiene (Health Care Access and Cost Commission, Medical Care Policy Administration); Department of Budget and Management; Department of Fiscal Services

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