

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1061 (Delegate Guns, *et al.*)
Environmental Matters

Maryland Health Care Foundation

This bill establishes a nonprofit Maryland Health Care Foundation to (1) promote public awareness of the need to provide more timely and cost-effective health care to uninsured Marylanders; and (2) to solicit and provide financial support to expand health care access to the uninsured. A 19-member Board of Trustees will be responsible for the duties and activities of the foundation. A trustee is entitled to reimbursement for expenses under the standard State travel regulations as provided in the State budget, but may not receive compensation.

Fiscal Summary

State Effect: Indeterminate effect on general fund expenditures. Indeterminate increase in general fund revenues.

Local Effect: Local health expenditures could decrease by an indeterminate but significant amount. No effect on revenues.

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

Fiscal Analysis

State Effect: The foundation's mission is to promote access to health insurance for uninsured Marylanders by providing or subsidizing health insurance coverage for uninsured individuals and supporting efforts that would expand health insurance coverage to Marylanders. Funds/services for the foundation will come from (1) gifts, grants, legacies, and endowments; (2) in-kind services from federal, state, and local governments and private sources; and (3) appropriations from the State as provided in the budget. As a result, general fund expenditures could increase by an indeterminate amount because it is not possible to

reliably estimate the appropriations the foundation may receive from the State at this time.

As a result of the efforts of the foundation, the number of uninsured persons in Maryland could decrease, thereby decreasing the amount of uncompensated care. This could reduce expenditures for: (1) the Medicaid program and the State employee health benefit plan due to lower hospital rates; (2) health services funding to local health departments which serve the “grey-area” population (those who have too much income to be eligible for Medicaid but cannot afford health insurance); and (3) the Primary Care for the Medically Indigent Program which serves those not eligible for Medicaid. Any such decrease cannot be reliably estimated at this time, although it could be assumed to be significant. Depending on the size of the appropriations (if any) and the savings from the reduction in uncompensated care, these two effects may potentially offset each other.

Assuming the foundation retains a private accounting firm to certify the annual financial statements and perform an opinion audit, the Office of Legislative Audits would be able to undertake a fiscal/compliance audit with its existing staff. The initial audit would not occur until fiscal 1999 or later.

Expense reimbursements would depend upon the time, location, and frequency of the Board of Trustees’ meetings. It is expected that reimbursements for the governmental members could be handled with the existing resources of the governmental entities represented on the task force. Fourteen non-governmental members on the board could entail additional general fund expenditures for travel expenses. These expenditures are assumed to be minimal and absorbable within the Executive Department’s existing resources.

Expenses incurred by the Department of Health and Mental Hygiene, the Department of Human Resources, and the Maryland Insurance Administration for staff support, supplies, and office space will be reimbursed from funds of the foundation.

Local Expenditures: Local health expenditures could decrease by an indeterminate but significant amount to the extent that the bill results in fewer uninsured individuals in a jurisdiction.

Small Business Effect: Approximately 40% of small businesses in Maryland receive health insurance coverage through the Comprehensive Standard Health Benefit Plan (CSHBP). It is uncertain how many of the remaining 60% of small businesses have other forms of health insurance coverage. This bill may increase access to health insurance coverage for the population of small businesses and self-employed currently without health insurance through either the direct support or the indirect sponsorship of the foundation.

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

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