

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 781 (Senators Bromwell and Derr)
Finance

Referred to Economic Matters

Advisory Panel on Mandated Health Insurance Benefits

This amended bill establishes a 25-member Advisory Panel on Mandated Health Insurance Benefits to assess the clinical and economic impact of all current and proposed mandated health benefits. The advisory panel must evaluate the cost effectiveness of the mandated benefits and make recommendations as to continuing, modifying, or repealing current mandates and approving or disapproving proposed mandates. The advisory panel must report its findings to the Maryland General Assembly by December 1, 1998. The advisory panel may request data from health carriers to carry out the requirements of this bill. The bill repeals the authority of the Interdepartmental Committee on Mandated Health Insurance Benefits.

The bill takes effect July 1, 1997 and sunsets June 30, 1999.

Fiscal Summary

State Effect: General fund expenditures for actuarial services could increase by \$30,000 in FY 1998 and \$30,600 in FY 1999. Revenues would not be directly affected.

Local Effect: None.

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

Fiscal Analysis

State Effect: Actuarial costs for fiscal 1998 would be \$30,000. This estimate is based on the actuarial cost incurred by the Health Care Access and Cost Commission (HCACC) for the analysis of the cost implications of mandated benefits/legislation introduced in the 1996 legislative session for the Comprehensive Standard Health Benefit Plan (CSHBP). The actuarial cost in 1996 for HCACC was approximately \$26,000. Actuarial costs for fiscal 1999 would be \$30,600, which reflect inflation of 2%.

Although workload for the Department of Health and Mental Hygiene and the Insurance

Administration may increase as a result of this bill, it is assumed that it could be handled with existing resources.

Any effect on the State employee health benefits plan would depend on the recommendations of the advisory panel.

Small Business Effect: If, as a result of this bill, certain mandated benefits are repealed, health insurance costs could decrease for the self-employed and for small business employers who offer health insurance.

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

Fiscal Note History: First Reader - March 4, 1997
nrd Revised - Senate Third Reader - March 26, 1997

Analysis by: Lina Walker
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710