

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 676 (Delegate Pitkin, *et al.*)
Economic Matters

Maryland Health Insurance Reform - Application to Self-Employed Individuals

This bill expands the definition of self-employed individuals for eligibility purposes under the Maryland Health Insurance Reform Act to include persons receiving income from self-employment regardless of how they are organized.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues and decrease in general fund expenditures.

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

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

Fiscal Analysis

State Revenues: General fund revenues could increase by an indeterminate amount in fiscal 1998 as a result of the State's 2% insurance premium tax. The State's premium tax is only applicable to "for-profit" insurance carriers.

In addition, general fund revenues could increase by an indeterminate amount since insurance companies that do not already provide the coverage mandated by the bill's requirements will be subject to rate and form filing fees. Each insurer (except HMOs) that revises its rates and amends its insurance policy must submit the proposed change(s) to the Insurance Administration and pay a \$100 rate and form filing fee. The number of insurers who will file new rates and forms as a result of the bill's requirements cannot be reliably estimated at this time, since rate and form filings often combine several rate and policy amendments at one

time.

State Expenditures: In the last quarter of 1995, 61,300 businesses in Maryland (incorporated and unincorporated) had one to four employees. An unknown number of these businesses with a single employee will now qualify for the Comprehensive Standard Health Benefit Plan (CSHBP) as a result of this bill. Consequently, the number of uninsured persons in Maryland could decrease as a result of this bill, thereby decreasing the amount of uncompensated care. This could result in reduced 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 minimal](#).

Local Expenditures: 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.

Small Business Effect: This bill would increase access to health insurance for an indeterminate number of self-employed individuals. These individuals will be able to purchase health insurance at a lower cost as a result of this bill. The savings to the self-employed individuals will vary depending on their health status.

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

Fiscal Note History: First Reader - February 10, 1997
nrd

Analysis by: Lina Walker
Reviewed by: John Rixey

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