

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 668 (Delegates Crumlin and Eckardt)  
Economic Matters

Referred to Finance

**Mandated Health Insurance Services - Process of Evaluation**

This amended bill establishes a ten-member Joint Committee on Mandated Health Insurance Services to assess the social and financial impacts of a proposed mandated health insurance service. A baseline for such an assessment must be determined from a review and evaluation of (1) the benefits provided under the State employee health benefit plan; and (2) the benefits provided under the Comprehensive Standard Health Benefit Plan (CSHBP), adjusted to include any mandated services that are not included in the CSHBP. The review must determine the premium cost for medical coverage as a percentage of the average annual wage and the portion of premium attributable to mandated benefits. This review must be completed and a report submitted to the Senate Finance Committee and the House Economic Matters Committee by October 1, 1997. In addition, the committee must report its assessment of the social and financial impacts of a proposed mandated service to the Senate Finance Committee and the House Economic Matters Committee by December 1 each year. 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, 2001.

**Fiscal Summary**

**State Effect:** General fund expenditures could increase by \$30,000 in FY 1998. Future year expenditures reflect inflation. Revenues would not be affected.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	---	---	---	---	---
GF Expenditures	\$30,000	\$30,600	\$31,200	\$31,800	\$32,500
Net Effect	(\$30,000)	(\$30,600)	(\$31,200)	(\$31,800)	(\$32,500)

Note: ( ) - decrease; GF - general funds; FF - federal funds; SF - special funds

**Local Effect:** None.

**Small Business Effect:** None. This bill does not directly affect small businesses.

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### **Fiscal Analysis**

**State Expenditures:** Assuming the legislative staff agencies will contract for actuarial support to assess the financial impact of mandated health insurance services, actuarial costs for fiscal 1998 would be approximately \$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. Future year expenditures reflect inflation of 2%.

Staff support by the legislative staff agencies could be provided with existing resources.

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**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 - February 10, 1997  
brd Revised - House Third Reader - March 25, 1997

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