

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 198 (Senator Hollinger)
Finance

Health Maintenance Organizations - Reimbursement - X Rays

This bill requires health maintenance organizations (HMO) to reimburse orthopedic physicians for X rays taken in their offices if the X rays are performed for a medical emergency.

Fiscal Summary

State Effect: General fund revenues and expenditures could increase by a minimal amount.

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

Small Business Effect: None. This bill does not directly affect small businesses. There are no small business HMOs.

Fiscal Analysis

State Revenues: General fund revenues could increase by an indeterminate minimal amount as a result of the State's 2% insurance premium tax that would apply to any increased health insurance premiums resulting from the bill's requirements. The State's premium tax is only applicable to "for-profit" insurance carriers.

In addition, general fund revenues could increase by an indeterminate minimal amount in fiscal 1998 since the bill's requirements could subject insurance companies to rate and form filings. Each insurer (with the exception of health maintenance organizations) that amends its insurance policy must submit the proposed change to the Insurance Administration and pay a \$100 form filing fee. Further, each insurer (with the exception of health maintenance organizations) that revises its rates must submit the proposed rate change to the Insurance

Administration and pay a \$100 rate filing fee. The number of insurers who will file new forms and rates 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: Medical care costs for the State employee health benefit plan could increase by a minimal amount. It is assumed that there would have been a referral for X ray service in the case of a medical emergency. The cost of receiving the X ray in the physician's office, however, may be greater than the cost of receiving the X ray at a freestanding laboratory or an X ray facility. The increase in costs is expected 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.

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

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Analysis by: Lina Walker
Reviewed by: John Rixey

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