

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 289 (Delegate Weir)
Economic Matters

Health Maintenance Organizations - Quality of Care - Description of Benefits and Services

This bill requires a health maintenance organization (HMO) to include in its general description of benefits and services information about which procedures would generally receive inpatient hospitalization coverage and the duration of the coverage; and which procedures would generally be covered on an outpatient basis.

Fiscal Summary

State Effect: Potential indeterminate general fund expenditure increase in FY 1998. Revenues would not be affected.

Local Effect: Potential indeterminate expenditure increase for local government employee health benefits. Revenues would not be affected.

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

Fiscal Analysis

State Expenditures: The State employee health benefit plan is self-insured for Preferred Provider Option plans (PPO) and Point of Service (POS) out-of-network services and pays an administrative fee to a third-party administrator (TPA); and is insured for HMO plans and POS in-network services. This bill would increase administrative costs for HMOs because of the additional information that would have to be compiled and distributed to enrollees. As a result, HMOs may pass the increased administrative costs onto the State employee health benefit plan through increased premiums. The extent of the increase in premiums cannot be reliably estimated at this time.

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 may adversely impact self-employed persons and small businesses that purchase health coverage from HMOs. As a result of the bill, administrative costs for HMOs may increase. If HMOs raise premiums to cover that increase, self-employed persons and small businesses could face higher health care costs. Alternatively, small businesses could pass an increase in insurance premium costs onto their employees.

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

Fiscal Note History: First Reader - February 4, 1997

ncs

Analysis by: Lina Walker

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710