

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 261 (Senator Dorman)

Finance

Health Insurance - Coverage for a Prosthesis

This bill requires health insurers, nonprofit health service plans, and HMOs (carriers) to provide coverage for a prosthesis that has been prescribed by a physician for an enrollee who has undergone a mastectomy and who has not had breast reconstruction. The carrier may not impose a deductible on the coverage required by this bill.

This bill applies to all policies and contracts issued in the State on or after October 1, 1998.

Fiscal Summary

State Effect: Expenditures for the State Employee Health Benefit Plan could increase by an indeterminate minimal amount. General fund revenues could increase by an indeterminate minimal amount.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase by an indeterminate minimal amount, depending upon the current type of health care coverage offered and number of enrollees.

Small Business Effect: Minimal impact on the cost of health insurance coverage for small businesses/self-employed individuals because any increase in premiums as a result of this bill is expected to be minimal.

Fiscal Analysis

State Expenditures: Currently, the State Employee Health Benefit Plan covers prostheses from in-network providers. Persons choosing to go out-of-network are either subject to a deductible and/or co-insurance or receive no benefits, depending on the plan in which they are enrolled. Data on the number of enrollees who would receive a prosthesis after a mastectomy from an out-of-network provider is unavailable at this time, although, it is assumed to be minimal since in-network claims are covered by the State plan. If the State

complies with the requirements of this bill and does not impose a deductible on out-of-network benefits, expenditures for the State Employee Health Benefit Plan could increase by an indeterminate minimal amount.

Although workload for the Insurance Administration could increase from new rate and form filing reviews, it is assumed that the increased workload could be absorbed within existing resources.

State Revenues: As a result of potential increases in health care costs for certain carriers due to this bill, these carriers may raise premiums. Consequently, general fund revenues could increase by an indeterminate minimal amount as a result of the State's 2% insurance premium tax on increased premiums. 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 1999 since the bill's requirements could subject insurance companies to rate and form filings. 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(s). It is not possible to estimate the number of insurers who will file new rates and forms as a result of the bill's requirements, since rate and form filings often combine several rate and policy amendments at one time.

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

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