Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 1163 (Delegate Pitkin)
Economic Matters

Health Insurance - Duration of Pregnancy Benefits

This bill requires a primary care provider (PCP) to continue to provide health care services to an enrollee even after the date of the termination notice of the PCP from the carrier's provider panel, for reasons not related to fraud, patient abuse, incompetency, or loss of licensure status, if the enrollee: (1) is in the second trimester of pregnancy and was receiving health care services from the PCP before the termination notice; and (2) requests to continue receiving services from the PCP. The bill also requires a carrier that uses a provider panel to establish procedures to notify the above mentioned enrollee of her right to continue to receive health care services from the PCP after the termination notice date of the enrollee's PCP from the carrier's provider panel.

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, depending upon the current type of health care coverage offered and number of enrollees. Any increase is assumed to be minimal.

Small Business Effect: Minimal. To the extent that health care costs for some carriers increase as a result of this bill, health insurance premiums for small businesses/self-employed individuals could increase. Any increase is expected to be minimal.

Fiscal Analysis

Background: Under current law, a PCP is required to continue to provide health care services to an enrollee for at least 90 days after the termination date of the PCP from the carrier's provider panel, for reasons not related to fraud, patient abuse, incompetency, or loss of licensure status, if the enrollee: (1) is currently receiving services from the PCP; and (2) requested to continue to use the PCP. In addition, current law provides that the carrier must reimburse a PCP for services rendered to an enrollee due to this bill, as well as provisions in law.

State Revenues: This bill would allow a pregnant enrollee to receive services for up to an additional six months even after the carrier's termination notice to a PCP. Since current law only requires coverage for up to 90 days, the bill could mean up to an additional three months during which the provider could be reimbursed at a higher rate than the previous reimbursement rate while serving on the carrier's provider panel. As such, health care costs for some carriers could increase. The extent of the increase would depend on the number of PCPs who receive termination notices while providing services to pregnant enrollees, although it is assumed to be minimal. At any rate, some carriers could raise premiums because of the higher health care costs and 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.

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. As a result of the bill, carriers that experience increased costs may pass some of that cost onto the State Employee Health Benefit Plan. The extent of the increase in expenditures cannot be reliably estimated at this time, although it is assumed to be minimal.

Workload for the Insurance Administration could increase from new rate and form filing reviews. Any increase, however, is assumed to be minimal and absorbable within existing resources.

Information Source(s): Insurance Administration, Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - February 20, 1998

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