

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 643 (Senator Madden)

Finance

**Health Insurance - Reimbursements to Health Care Practitioners -
Costs of Oncology Drugs**

This bill prohibits a health insurer, nonprofit health service plan, and HMO (carrier) from reimbursing a health care practitioner for the cost of an oncology drug used in treating a patient in the practitioner's office in an amount less than the cost the practitioner paid for the drug. The bill exempts a carrier from this requirement if the carrier provides an alternative way for the practitioner to obtain the oncology drug.

Fiscal Summary

State Effect: Minimal increase in general fund revenue and expenditures.

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 expected to be minimal.

Small Business Effect: Minimal. Small business health care practitioners could receive higher reimbursements for oncology drugs. Health insurance costs for small businesses/self-employed individuals could increase by a minimal amount as a result of this bill.

Fiscal Analysis

State Revenues: To the extent that some carriers currently reimburse practitioners for oncology drugs at less than the cost of the drug to practitioners, this bill could increase expenses for carriers. The additional expense for a carrier would depend on: (1) the amount of the discount currently applied; and (2) the number of practitioners affected by this bill. Any increase in costs, however, is expected to be minimal.

If carriers raise premiums as a result of increased costs, 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 if carriers (except HMOs) file new rates and/or forms and pay a \$100 rate and/or from filing fee(s).

State Expenditures: Expenditures for the State Employee Health Benefit Plan could increase by an indeterminate minimal amount in fiscal 1999 for the reasons discussed above. In addition, Medicaid costs could increase in the future if the State raises MCO capitation rates to accommodate the increased costs to MCOs that are also HMOs. Any increase is expected to be minimal.

Information Source(s): Department of Health and Mental Hygiene (Medical Care Policy Administration, Board of Nursing, Boards and Commissions, Board of Physician Quality Assurance), Insurance Administration, Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - March 2, 1998
tlw Revised - Senate Third Reader - April 2, 1998

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