

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE  
Revised

Senate Bill 545 (Senator Conway)

Finance

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Health Insurance - Cleft Lip and Cleft Palate - Coverage

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This bill requires HMOs to provide coverage for inpatient and outpatient expenses arising from orthodontics, oral surgery, and otologic, audiological, and speech/language treatment associated with the management of cleft lip and/or cleft palate disorders. Under current law, only health insurers and nonprofit health service plans are required to provide coverage for the treatment of cleft lip and cleft palate.

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Fiscal Summary

**State Effect:** General fund expenditures are expected to decrease by \$276,000 in FY 1999, which accounts for the October 1, 1998 effective date. Future year savings reflect annualization and inflation. No effect on revenues.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	(\$276,000)	(\$371,700)	(\$375,400)	(\$379,200)	(\$382,900)
Net Effect	\$276,000	\$371,700	\$375,400	\$379,200	\$382,900

Note: ( ) - decrease; GF - general funds; FF - federal funds; SF - special funds

**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 HMO coverage for small businesses/self-employed individuals because any increase in premiums as a result of this bill is expected to be minimal.

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## Fiscal Analysis

**State Expenditures:** Currently, the Children's Medical Services (CMS) within the Department of Health and Mental Hygiene pays for the treatment of cleft lip and cleft palate disorders for children who are enrolled in HMOs and meet the financial eligibility of CMS (i.e., income level below 185% of the poverty level). Since the bill would require HMOs to provide coverage for these services, it would result in savings for CMS. It is estimated that savings for CMS would approximate \$276,000 in fiscal 1999, which reflects the bill's October 1, 1998 effective date. The estimate is based on the assumption that at any point in time, there would be four children who qualify for the coverage through CMS at a cost of \$92,000.

Future year savings reflect annualization and 1% inflation.

Although the State is self-insured and not required to cover mandated health benefits, in the past the State employee health benefit plan has often included coverage for mandated health benefits. Even though data are not available at this time on the number of individuals in the State plan affected by this bill and the HMO treatment cost per individual, if the State were to provide HMO coverage for services associated with the treatment of cleft lip and/or cleft palate disorders, any increase in expenditures is assumed to be minimal.

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

**Fiscal Note History:**

First Reader - February 13, 1998

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