

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 426 (Delegate Eckardt. *et al.*)

Economic Matters

Medicare Risk Health Maintenance Organizations

This bill requires carriers that participate in Medicare HMO risk contracts to offer the same contract in all jurisdictions of the State and to charge the same premium on a Medicare HMO contract regardless of geographic payment area.

The bill takes effect June 1, 1998 and sunsets January 1, 1999.

Fiscal Summary

State Effect: None. The bill would not directly affect governmental finances.

Local Effect: None.

Small Business Effect: None. HMOs are not considered small businesses.

Fiscal Analysis

Background: Under existing federal statute, Medicare risk plans are permitted to vary their benefit and premium structure in different geographic areas under the same contract, also known as “flexible benefits”. Pursuant to the Balanced Budget Act of 1997, effective with the 1999 benefit year, plan premiums have to be uniform among all enrollees in the plan’s service area. These regulations, however, have not yet been published.

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

Fiscal Note History: First Reader - February 5, 1998

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