

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 116 (Senator Kellev. *et al.*)

Finance

Medicare Supplement Policies - Individuals with a Disability - Eligibility

This bill requires a Medicare supplemental policy carrier to make Medicare supplemental Plan C and Plan I policies available to individuals under 65 years who are eligible for Medicare due to a disability. The bill prohibits a carrier from using the health status or claims experience of a disabled Medicare individual to: (1) deny or condition the issuance or effectiveness of the two plans; or (2) deny, reduce, or condition the coverage of the two plans. In addition to Plan C and Plan I, a carrier may also offer any other Medicare supplemental policies to disabled Medicare individuals under 65 years. A carrier that does not offer a Plan C or Plan I supplemental policy to individuals eligible for Medicare due to their age (65 years or older) is not required to offer those policies to individuals eligible for Medicare due to a disability.

The Insurance Commissioner must report to the General Assembly on the number of individuals under 65 eligible for Medicare due to a disability who have enrolled in Plan C and Plan I Medicare supplemental policies. A preliminary report is due by December 1, 1999 and a final report is due by December 1, 2000.

Fiscal Summary

State Effect: General fund revenues would increase by, at most, \$7,200 annually as a result of rate filing fees. General fund expenditures would increase by \$16,800 in FY 1999. Future year expenditures reflect annualization and inflation.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
GF Expenditures	16,800	19,200	19,400	19,600	19,800
Net Effect	(\$9,600)	(\$12,000)	(\$12,200)	(\$12,400)	(\$12,600)

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

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Revenues: Currently, 36 companies actively market 210 individual Medicare supplemental policies in Maryland. Of these 210 policies, 15 are sold to individuals with disabilities. As a result of this bill, all companies selling Medicare Plan C and Plan I policies must offer these policies to disabled individuals who qualify for Medicare. Assuming all the companies remain in the market, they would have to file new rates on the 72 policies that would now be available to disabled individuals. Consequently, general fund revenues could increase by as much as \$7,200 (72 x \$100 rate filing fee) annually, beginning in fiscal 1999.

State Expenditures: General fund expenditures could increase by an estimated \$16,788 in fiscal 1999, which accounts for the bill's October 1, 1998 effective date. This estimate reflects the cost of hiring one half-time contractual Analyst to perform rate reviews within the Life and Health Section of the Insurance Administration. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salary and Fringe Benefits	\$14,108
Operating Expenses	<u>2,680</u>
Total FY 1999 State Expenditures	\$16,788

Future year expenditures reflect annualization and 1% annual increases in ongoing operating expenses.

The bill has no effect on the State Employee Health Benefit Plan because disabled individuals who qualify for Medicare can already enroll in the State health plan. Enrollment in the supplemental Medicare policy offered by the State Employee Health Benefit Plan is not conditional on the health status or claims experience of the individual as long as the individual has enrolled in Medicare Part A and B.

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

Fiscal Note History:

First Reader - January 27, 1998

nncs

Revised - Enrolled Bill - April 29, 1998

Analysis by: Lina Walker

Direct Inquiries to:

Reviewed by: John Rixey

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710