SB 136

Department of Legislative Services

Maryland General Assembly

FISCAL NOTE

Revised

Senate Bill 136 (Senator Bromwell)
Finance

Mandated Health Insurance Services Evaluation

This bill requires the Health Care Access and Cost Commission (HCACC) to review all current and proposed mandated health insurance services in the State in order to assess the social, medical, and financial impact on consumers, health care providers, and third party payors. The bill also repeals the authority of the Interdepartmental Committee on Mandated Health Insurance Benefits.

The bill takes effect June 1, 1998.

Fiscal Summary

State Effect: Special fund expenditures could increase by $75,800 in FY 1999. Future year expenditures reflect annualization and inflation. Special fund revenues from fees would increase annually by an amount to exactly offset expenditure increases.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
SF Revenues	$75,800	$85,900	$88,100	$90,400	$92,800
SF Expenditures	$75,800	$85,900	$88,100	$90,400	$92,800
Net Effect	$0	$0	$0	$0	$0

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

Local Effect: None.

Small Business Effect: Indeterminate.

Fiscal Analysis

Bill Summary: HCACC must report its findings to the Governor and the Maryland General Assembly by December 31, 1998 and each December 1 thereafter. HCACC may request data from health carriers to carry out the requirements of this bill.

The December 1998 report must include: (1) an evaluation of the cost of existing mandated health insurance services; and (2) a recommendation on an appropriate percentage of the average annual wage in the State that the total cost of mandated health insurance services may not exceed. In arriving at the above recommendation, HCACC must consider the percentage of average annual wage in the State that relates to the premiums associated with: (1) the current mandated health insurance services enacted in the State; (2) the benefits provided under the State Employee Health Benefit Plan; and (3) the Comprehensive Standard Health Benefit Plan. If a mandated health insurance service is proposed before July 1 of any year, HCACC must review and evaluate the proposal and submit its findings and recommendations regarding the proposal in its December report.

State Effect: Special fund expenditures could increase by an estimated $75,825 in fiscal 1999, which accounts for a 90-day start-up delay given the June 1, 1998 effective date. This estimate reflects the cost of one Regulatory Economist to carry out the bill's requirements. The estimate also includes actuarial and consultant costs of $24,900 to evaluate the cost of mandated benefits. It accounts for a salary, fringe benefits, one-time start-up costs, and ongoing operating costs.

Salary and Fringe Benefits	$44,318
Consultant Costs	24,900
Operating Expenses	6,607
Total FY 1999 State Expenditures	**$75,825**

Future year expenditures reflect (1) a full salary with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

As a result of the increase in expenditures, HCACC would raise provider fees by an amount to exactly offset the increase in expenditures.

Any effect on the State Employee Health Benefit Plan would depend on any action adopted by the General Assembly based on the findings of the HCACC.

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

Fiscal Note History:	First Reader - February 3, 1998
nncs	Revised - Senate Third Reader - March 25, 1998
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