

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 47 (Delegates Conrov and Love)

Economic Matters

Health Benefit Plans - Coverage for Wigs for Hair Loss Resulting from Chemotherapy

This bill requires health insurers, nonprofit health service plans, and HMOs (carriers) to cover the cost of wigs for individuals whose hair loss results from chemotherapy. The carrier may not impose a deductible on the coverage.

The bill applies to all policies issued or renewed in the State on or after October 1, 1998.

Fiscal Summary

State Effect: If the State chooses to include the bill's mandated benefit as part of the employee health benefit plan, expenditures could increase by an estimated \$74,400 in FY 1999. Future year expenditures grow with annualization and inflation. General fund revenues could increase by an indeterminate minimal amount.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	---	---	---	---	---
GF/SF/FF* Expend.	74,400	100,300	101,300	102,300	103,300
Net Effect	(\$74,400)	(\$100,300)	(\$101,300)	(\$102,300)	(\$103,300)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds
*assumes a mix of 60% general funds, 20% special funds, and 20% federal funds

Local Effect: Expenditures for local jurisdiction employee health benefits could increase by an indeterminate amount depending upon the current type of health care coverage offered and number of enrollees. Revenues would not be affected.

Small Business Effect: Minimal effect on small businesses.

Fiscal Analysis

State Revenues: 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 since the bill's requirements could subject insurance companies to rate and form filings. Each insurer (except HMOs) that revises its rates and amends its insurance policy must submit the proposed change(s) to the Insurance Administration and pay a \$100 rate and/or form filing fee(s). It is not possible to estimate the number of insurers who will file new rates and forms as a result of the bill's requirements, since rate and form filings often combine several rate and policy amendments at one time.

State Expenditures: Currently, the State Employee Health Benefit Plan does not provide coverage for wigs for patients with hair loss as a result of chemotherapy. Although the State is self-insured and not required to cover this mandated benefit, in the past the State Employee Health Benefit Plan has often included coverage for mandated health benefits. Therefore, if the State chooses to include coverage for wigs, expenditures could increase by an estimated \$74,448 (assumes a mix of 60% general funds, 20% special funds and 20% federal funds) in fiscal 1999, which reflects the October 1, 1998 effective date. The estimate assumes coverage for 352 chemotherapy wigs per year at an average cost of \$282 per wig. The estimate is based on the 1994 age-adjusted mortality rate for malignant neoplasms in Maryland (140.9 per 100,000 population) and the number of covered lives in the State health plan (population of 250,000). Future year expenditures reflect 1% inflation for wig costs.

As a result of this bill, future Medicaid capitation rates to managed care organizations (MCOs) could increase to accommodate the increased costs incurred by those MCOs that are also HMOs. Any such increase, however, is expected to be minimal.

Small Business Effect: It is assumed that some patients who experience hair loss as a result of chemotherapy would purchase a wig even though it is not covered by their health plan. This bill would increase the number of individuals who purchase chemotherapy wigs, although it is anticipated that the impact on small business wig establishments would be minimal. In addition, any effect on health insurance premiums is assumed to be negligible.

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

Fiscal Note History:

First Reader - January 27, 1998

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