

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 457 (Delegate Grosfeld. *et al.*)

Economic Matters

Health Benefit Plans - Coverage for Prescription Contraceptive Drugs or Devices

This bill requires health insurers, nonprofit health service plans, and HMOs (carriers) that provide coverage for prescription drugs to include coverage for any prescription contraceptive drug or device that is approved by the United States Food and Drug Administration. In addition, the bill requires carriers to provide coverage for the insertion or removal, and any medically necessary examination associated with the use of the contraceptive drug or device. The bill also prohibits carriers from imposing a different copayment/coinsurance for a contraceptive drug or device than is imposed for any other prescription. The bill exempts a religious organization from the specified coverage if the coverage conflicts with the religious organization's bona fide religious beliefs and practices.

This bill applies to all policies and contracts issued 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 State Employee Health Benefit Plan, expenditures for the State could increase by a nominal amount. General fund revenues could increase by an indeterminate minimal amount.

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.

Small Business Effect: None.

Fiscal Analysis

State Revenues: Some health insurance plans do not currently provide coverage for certain prescription contraceptive drugs or devices. To the extent that these carriers could incur increased health care costs as a result of this bill, premiums may increase. Consequently, 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 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 provides coverage for oral contraceptives, Norplant, Depo-Provera, Norplant surgery, and IUD insertion. The prescription plan, however, does not include coverage for other contraceptive devices, such as IUDs and diaphragms. Although the State is self-insured and not required to cover mandated health benefits, if the State were to provide coverage for the above prescription contraceptive devices, expenditures for the State Employee Health Benefit Plan would increase by a minimal amount.

Although workload for the Insurance Administration could potentially increase from new rate and form filing reviews, it is assumed that the increased workload could be absorbed within existing resources.

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

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