

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE  
Revised

Senate Bill 479 (Senator Derr. *et al.*)

Finance

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**Health Insurance - Coverage for General Anesthesia for Dental Care**

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This bill requires health insurers, nonprofit health service plans, and HMOs (carriers) to provide coverage for general anesthesia and associated hospital or ambulatory facility charges in conjunction with dental care provided to specified enrollees. The coverage must be provided to an enrollee who is: (1) age seven or younger, or developmentally disabled, and who meets other specified requirements; or (2) age 17 or younger and is extremely uncooperative, fearful, or uncommunicative, and who meets other specified requirements.

The bill takes effect July 1, 1998. This bill applies to all contracts issued or renewed in the State on or after January 1, 1999.

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**Fiscal Summary**

**State Effect:** Indeterminate minimal impact on expenditures for the State Employee Health Benefit Plan. General fund revenues could increase by a minimal amount.

**Local Effect:** Expenditures for local jurisdiction employee health benefits could increase by an indeterminate minimal amount, depending upon the current type of health care coverage offered and number of enrollees.

**Small Business Effect:** Minimal impact on the cost of health insurance coverage for small businesses/self-employed individuals because any increase in premiums as a result of this bill is expected to be minimal.

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## Fiscal Analysis

**Bill Summary:** The bill also specifies that the carrier may require authorization for general anesthesia and associated hospital or ambulatory facility charges for dental care in the same manner that is required for other covered medical care services. In addition, the carrier may restrict coverage for the above charges to coverage for dental care provided by a specialist in pediatric dentistry, oral and maxillofacial surgery, and a dentist to whom hospital privileges have been granted. This bill does not apply to dental care rendered for temporal mandibular joint disorders.

**State Expenditures:** The State Employee Health Benefit Plan currently offers dental coverage through a carve-out dental program offered through United Concordia and as part of the benefits package of the HMO and POS plans. Since the carve-out dental program is entirely funded by employees, any effect on costs for that program would not affect State expenditures. However, any health care costs incurred by HMO and POS plans as a result of this bill could increase expenditures for the State Employee Health Benefit Plan. Because dental coverage offered by HMO and POS plans varies widely and information is not available at this time on which plans offer coverage for general anesthesia, the impact on State expenditures cannot be reliably estimated. It is assumed, however, to be minimal. For illustrative purposes, if all of the HMO and POS contracts with the State had to add coverage for general anesthesia due to this bill, State expenditures could increase by \$222,851 in fiscal 1999.

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

**State Revenues:** From the discussion above, it is assumed that any increase in health care costs for carriers as a result of this bill would be minimal. In any event, if carriers raise premiums because of the increase in costs, 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.

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

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lc Revised - Senate Third Reader - March 30, 1998  
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Analysis by: Lina Walker  
Reviewed by: John Rixey

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 841-3710  
(301) 858-3710