

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 400 (Delegate Hurson)

Economic Matters

Maryland Medical Assistance Program - Stop Loss Reinsurance

This bill provides that a Medicaid managed care organization (MCO) may elect to self-insure or contract with another entity to meet the stop loss reinsurance requirements of the Medicaid HealthChoice program. The Department of Health and Mental Hygiene (DHMH), in consultation with the Maryland Insurance Administration, must contract with another entity to administer a stop loss reinsurance program for MCOs that do not elect to self-insure or contract with another entity for stop loss reinsurance.

Fiscal Summary

State Effect: None.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Effect: Currently, DHMH administers a stop loss reinsurance program for all Medicaid MCOs. Under the stop loss program, DHMH assumes the risk for claims that are in excess of \$61,000 per year; that is, the Medicaid program picks up 90% of the excess claim while the MCO is responsible for the remaining 10%. The stop loss program is funded through a rate carve-out: a certain amount is removed from capitation payments to fund the stop loss program. If MCOs elect to self-insure or contract with another entity for stop loss reinsurance, the amount that was removed from MCO capitation rates would simply be added back into the rates with no net effect on expenditures for the Medicaid program.

Information Source(s): Department of Health and Mental Hygiene (Health Services Analysis and Evaluation Administration), Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History:

First Reader - March 3, 1999

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