

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

Senate Bill 181 (Senator Dorman)

Finance

Health Insurance - Coverage for a Prosthesis

This bill requires health insurers, nonprofit health service plans, and HMOs (carriers) to provide coverage for a prosthesis for individuals who have undergone a mastectomy and have not had breast reconstruction.

This bill applies to all policies and contracts issued in the State on or after October 1, 1999. Any policy in effect before October 1, 1999 must comply with the bill's requirements by October 1, 2000.

Fiscal Summary

State Effect: Expenditures for the State Employee Health Benefits Plan would not be affected. General fund revenues could increase by an indeterminate minimal amount.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase if carriers increase their premiums as a result of this bill.

Small Business Effect: Potential minimal impact. Health insurance costs for small businesses and self-employed persons could increase if carriers increase their premiums as a result of this bill.

Fiscal Analysis

State Expenditures: The State Employee Health Benefits Plan currently covers prostheses from in-network providers. Persons choosing to go out-of-network are either subject to a deductible and/or coinsurance or receive no benefits, depending on the plan in which they are enrolled. Because prostheses are currently covered both in-network and out-of-network, and

the bill does not prohibit the State from imposing a deductible and/or coinsurance, State enrollees may continue to choose either in-network or out-of-network coverage for prostheses. Consequently, expenditures would not be affected.

State Revenues: As a result of potential increases in health care costs for certain carriers due to this bill, these carriers may raise premiums. 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, special fund revenues could increase by an indeterminate amount in fiscal 2000 because carriers that do not already provide this coverage will be subject to rate and form filing fees. Each affected carrier, including HMOs, that reviews its rates and amends its insurance policy must submit the proposed change(s) to the Maryland Insurance Administration (MIA) and pay a \$125 rate and form filing fee. The number of carriers who will file new rates and forms as a result of the bill's requirements cannot be reliably estimated at this time because carriers often combine several rate and policy amendments at one time when filing with MIA.

Information Source(s): Maryland Insurance Administration; Mid Atlantic Medical Services, Inc. (MAMSI); CareFirst Blue Cross Blue Shield; Department of Legislative Services

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