

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 1005 (Delegate Morhaim)

Economic Matters

Orthopedic Patient Safety and Convenience

This bill requires an HMO to cover an x-ray taken in a physician's office if the physician practices orthopedics and the x-ray is: (1) medically appropriate; (2) part of the follow-up care related to the condition for which the physician is treating the enrollee; and (3) taken during the global follow-up period generally accepted in the profession.

Fiscal Summary

State Effect: Expenditures for the State Employee Health Benefits Plan could increase by an indeterminate minimal amount. Special and 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. 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 Revenues: Special fund revenues may increase by an indeterminate minimal 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 that revises 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.

It is unknown how many HMOs may incur costs as a result of this bill and subsequently increase premiums. Some HMOs include x-ray services within the Primary Care Providers (PCP) capitation rate. Some contract with diagnostic laboratories to provide discounted x-rays, and some require enrollees to get referrals from their PCP. If carriers increase premiums as a result of this bill, general fund revenues could increase by an indeterminate minimal amount as a result of the State's 2% insurance premium tax. The State's premium tax is applicable only to for-profit insurance carriers.

State Expenditures: Expenditures for the State Employee Health Benefits Plan could increase by an indeterminate minimal amount. It is assumed that there would have been a referral from the enrollee's Primary Care Physician (PCP) for x-ray services if the service were medically necessary. The cost of receiving the x-ray in the physician's office, however, may be greater than the cost of receiving the x-ray at a freestanding laboratory or an x-ray facility. The difference in costs is expected to be minimal.

Information Source(s): Department of Budget and Management (Employee Benefits Division), Department of Health and Mental Hygiene (Medicaid, Health Care Access and Cost Commission), Maryland Insurance Administration, Department of Legislative Services

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