Department of Legislative Services

Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 576 (Delegates Barve and Goldwater)
Economic Matters

Continuity of Patient Care Act

This bill requires an HMO to reimburse an urgent care facility physician, oral surgeon, periodontist, or podiatrist for providing any follow-up care related to the condition for which a covered surgical procedure was performed. The follow-up care must be: (1) medically necessary; (2) directly related to the condition for which the procedure was performed; and (3) in consultation with the member's primary care physician. The bill also prohibits an HMO from imposing any copayment or other cost-sharing requirement on the member that exceeds what the member is required to pay for services rendered by a physician who is a member of the HMO's provider panel.

Fiscal Summary

State Effect: Expenditures for the State Employee Health Benefits Plan may increase by an indeterminate but potentially significant amount. Special and general fund revenues may increase by an indeterminate 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. Revenues would not be affected.

Small Business Effect: Potential minimal. To the extent that costs for carriers increase and carriers raise premiums, health insurance costs for small businesses and self-employed individuals could increase.

Fiscal Analysis

State Expenditures: Expenditures for the State Employee Health Benefits Plan may increase by an indeterminate but potentially significant amount in fiscal 2000. Generally, HMO subscribers are directed back to their primary care physicians (PCPs) for any necessary follow-up medical care, even though the original surgery was performed at an urgent care

center. Follow-up care at an urgent care center is usually more expensive than the same care provided by a subscriber's PCP. CareFirst Blue Cross Blue Shield estimates that the bill's requirements would increase its HMO's premiums by .5 - .75%, which would be passed on to the State plan. It is unknown how this legislation may affect other HMO providers under the State plan. If all HMO premiums increase by .5%, however, expenditures for the State Employee Health Benefits Plan could increase by $91,900 in fiscal 2000. This figure reflects an average 1999 HMO monthly premium of $142 and 21,492 enrollees (total number of HMO enrollees in calendar year 1997), and accounts for a January 1, 2000 effective date for new premiums.

State Revenues: Medical care costs for some health plans subject to State mandates could increase as a result of this bill. CareFirst Blue Cross Blue Shield estimates that premiums for its HMO products will increase between .5 - .75%. It is unknown at this time how other carriers may be affected. General fund revenues could increase by an indeterminate amount as a result of the State's 2% insurance premium tax on increased premiums. The State's premium tax is applicable only to "for-profit" insurance carriers.

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.

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

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