

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

Senate Bill 426 (Senator Collins)

Finance

Health Benefit Plans - Adoption - Pregnancy-Related Services

This bill requires an insurer, nonprofit health service plan, or HMO (carrier) to cover the cost of pregnancy-related services for a birth mother if the adoptive mother is covered by the carrier for pregnancy-related services and the adoptive mother is required, under the terms of a written adoption agreement, to pay for the cost of pregnancy-related services provided to the birth mother. This requirement does not apply if the birth mother refuses to relinquish parental rights to the child as required by the adoption agreement.

The bill applies to any new policy issued on or after July 1, 1999. Any renewal of a policy in effect before July 1, 1999 must comply with the bill's requirements by July 1, 2000.

The bill is effective July 1, 1999.

Fiscal Summary

State Effect: Expenditures for the State Employee Health Benefits Program could increase by as much as \$29,600 in FY 2000. Future year expenditures reflect medical inflation. Special and general fund revenues could each increase by an indeterminate minimal amount.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF/SF/FF Rev.*	-	-	-	-	-
GF/SF/FF Exp.*	\$29,600	\$31,100	\$32,600	\$34,300	\$36,000
Net Effect	(\$29,600)	(\$31,100)	(\$32,600)	(\$34,300)	(\$36,000)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

*Assumes (1) a mix of 60% general funds, 20% federal funds, and 20% special funds; and (2) 20% of expenditures are reimbursable through employee contributions.

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. Revenues would not be affected.

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

Fiscal Analysis

State Expenditures: In fiscal 1998 the average expense per admission for obstetrical care, including delivery, pre-partum, and post-partum care, for the State Employee Health Benefits Program was \$5,900. The average expense per admission for a Caesarean delivery was \$8,800. There are approximately 116,000 legal adoptions in the United States annually, of which 25,000 are infants adopted by non-relatives. In 1997 the U.S. Census Bureau estimated 3.8 million births annually. Consequently, approximately 0.66% of all children are adopted as infants by non-relatives. It is estimated that approximately 10 adoptions may be eligible for coverage under the State plan. This figure assumes 100,000 enrolled employees and a 1996 Maryland birth rate of 14.3 births per 1,000 population.

Self-Funded Portions of State Plan: Approximately one-third of the enrollees covered by the State plan are enrolled in the self-funded portions of the State plan, under which the State could incur the cost of pregnancy-related services relating to four adoptions annually. At an average cost of \$7,400 per admission for obstetrical care, State expenditures could increase by as much as \$29,600 in fiscal 2000. The State does not have to include the mandated benefit as part of its plan because it is self-funded; however, the State has generally adopted mandated benefits in the past. Future year expenditures reflect 5% medical cost inflation.

Fully-Insured Portions of State Plan: Approximately two-thirds of the enrollees covered by the State plan are enrolled in the fully-insured portions of the State plan, for which the State pays premiums to carriers. If the carriers increase premiums as a result of this bill, premiums may increase for the State plan. Any increase is expected to be minimal.

State Revenues: Special fund revenues could 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.

If carriers increase their 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 on increased premiums. The State's premium tax is applicable only to "for-profit" insurance carriers.

Information Source(s): The American Adoption Congress, U.S. Census Bureau, "Maryland Health Care in Perspective - 1996" (Morgan Quitno Press), Maryland Insurance Administration, Department of Budget and Management (Employee Benefits Division), Department of Health and Mental Hygiene (Medicaid, Health Care Access and Cost Commission), Department of Legislative Services

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