

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

House Bill 167 (Delegate Conrov. *et al.*)

Economic Matters

Health Benefit Plans - Coverage for Chemotherapy Hair Protheses for Hair Loss Resulting from Chemotherapy

This bill requires health insurers, nonprofit health service plans, and HMOs (carriers) to cover the cost of hair protheses for individuals whose hair loss results from chemotherapy.

The bill applies to all policies and contracts issued or renewed in the State on or after October 1, 1999.

Fiscal Summary

State Effect: If the State chooses to include the bill’s mandated benefit as part of the State Employee Health Benefits Plan, expenditures could increase by an estimated \$100,500 in FY 2000. Future year expenditures grow with annualization and inflation. General and special fund revenues could increase by an indeterminate minimal amount.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	-	-	-	-	-
SF Revenues	-	-	-	-	-
GF/SF/FF* Expend.	\$100,500	\$135,300	\$136,700	\$138,000	\$139,400
Net Effect	(\$100,500)	(\$135,300)	(\$136,700)	(\$138,000)	(\$139,400)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect
 *State Employee Health Benefits Plan - assumes a mix of 60% general funds, 20% special funds, and 20% federal funds.

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 effect. 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: 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 minimal amount in fiscal 2000 because the bill's requirements could subject carriers to rate and form filings. Each insurer, including HMOs, that revises its rates and amends its 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.

State Expenditures: Currently, the State Employee Health Benefits Plan does not provide coverage for hair prostheses for patients with hair loss as a result of chemotherapy. The State has both self-insured and fully-insured health plans. Although the State is not required to cover this mandated benefit under its self-insured plans, in the past the State has often included coverage for mandated health benefits. If the State chooses to include coverage for hair prostheses, expenditures could increase by an estimated \$100,500 (assumes a mix of 60% general funds, 20% special funds, and 20% federal funds) in fiscal 2000, which reflects the October 1, 1999 effective date. The estimate assumes 475 chemotherapy hair prostheses per year at an average cost of \$282 per prosthesis. The estimate is based on the 1997 age-adjusted cancer mortality rate in Maryland (190 per 100,000 population) and the number of covered lives in the State health plan (250,000). Future year expenditures reflect 1% inflation for hair prostheses costs.

Information Source(s): Maryland Health Care in Perspective (Morgan Quitno Press 1997), Department of Budget and Management (Employee Benefits Division), Department of Legislative Services

Fiscal Note History: First Reader - February 1, 1999

dmm\jr

Analysis by: Susan John

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510