



a claim “in progress,” a hospital confinement, or a total disability that began while the individual was covered and continued after coverage was terminated. The extension will continue until the earlier of the date the individual ceases to receive care related to these circumstances or 12 months after the date coverage terminates. Benefits for eyeglasses or contact lenses will be extended if the individual has ordered them while covered and if the individual receives them within 30 days after coverage terminates. Benefits for a course of dental treatment will be extended if begun while covered and for at least 90 days after coverage terminates. Benefits for orthodontic treatment will be extended if begun while covered and for 60 days after the date coverage terminates or to the end of the quarter in progress, depending on the payment schedule to the orthodontist. Benefits for accidental death and dismemberment will be extended if the accident occurred while covered and the loss occurs within 90 days after coverage terminates.

**State Revenues:** This bill codifies current practice within the Maryland Insurance Administration (MIA), which already requires extension of benefits under most of the circumstances enumerated in this bill. The only deviation from current practice is the bill’s requirement that HMOs extend benefits up to 12 months. MIA currently only requires HMOs to extend benefits up to 90 days.

Medical care costs for HMOs could increase, depending on the cost of extending benefits beyond the date coverage terminates. At this time, there are insufficient data to reliably estimate the extent of the increase in medical care costs. If the affected HMOs increase premiums, however, 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.

General fund revenues could increase by an indeterminate amount in fiscal 2000 since carriers that do not already provide extension of benefits under these circumstances will be subject to rate and form filing fees. Each affected carrier, including HMOs, that revises its rates and amends its insurance policy must submit the proposed change(s) to 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:** Expenditures for the State Employee Health Benefits Plan could increase by an indeterminate minimal amount. The State Employee Health Benefits Plan has 7 HMOs (with dental components), 1 vision plan, 1 accidental death and dismemberment plan, and 1 carve-out dental plan. The vision, accidental death and dismemberment, and dental plans currently extend benefits as required by this bill. As a result of this bill,

however, medical care costs for some HMOs could increase. Expenditures for the State would increase if HMOs pass some of the increased costs onto the State Employee Health Benefits Plan through higher premiums. The extent of any increase is expected to be minimal.

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**Information Source(s):** Department of Budget and Management (Employee Benefits Division); Department of Health and Mental Hygiene (Health Care Access and Cost Commission); Maryland Insurance Administration; United Concordia Companies, Inc.; Carefirst Blue Cross Blue Shield

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