HB 628

Department of Legislative Services

Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 628 (Delegate Eckardt, *et al.*)
Economic Matters

Health Insurance - Provider Panels

This bill provides that an insurer, nonprofit health service plan, HMO, and dental plan organization (carriers) may not prohibit a primary care provider from referring an enrollee to any provider on the carrier's provider panel for health care within the provider's lawful scope of practice. The bill also provides that a carrier may not prohibit a provider on its provider panel from rendering health care to an enrollee that is within the provider's lawful scope of practice.

Fiscal Summary

State Effect: Expenditures for the State Employee Health Benefits Plan may increase by an indeterminate minimal amount. General and special fund revenues may increase by an indeterminate minimal amount.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase depending on the current type of health care coverage offered and number of enrollees. No effect on revenues.

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

Fiscal Analysis

State Revenues: Special fund revenues could increase by an indeterminate minimal amount in fiscal 2000 because carriers that do not already allow patient access to any provider on the carrier's provider panel 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.

State Expenditures: Expenditures for the State Employee Health Benefits Plan may increase by an indeterminate minimal amount in fiscal 2000 as a result of the bill's requirements. The bill allows an enrollee to go to any primary care provider (PCP), regardless of whom the enrollee listed as his or her PCP. HMOs pay PCPs on a capitated basis based on the number of enrollees that have chosen that particular PCP. If enrollees are allowed to obtain service from any PCP, either some providers would have to perform the services for no charge, since the capitation payment is going to the enrollee's chosen PCP, or HMOs would incur additional administrative costs to ensure capitation payments were going to the PCP who actually provided service to the enrollee. In either circumstance, the HMO would incur additional administrative costs, which may be passed on to the State Employee Health Benefits Plan as increased premiums. The provision of the bill that allows PCPs to refer enrollees to any provider on the HMOs provider panel should not result in increased expenditures for the State plan. Generally, HMOs allow PCPs to refer enrollees to any provider on their panel. CareFirst Blue Cross Blue Shield states that this is general practice for their HMOs, and there would be no fiscal impact to the State plan.

Information Source(s): Maryland Insurance Administration, Department of Budget and Management (Employee Benefits Division), Department of Health and Mental Hygiene (Board of Physician Quality Assurance, Medicaid), CareFirst Blue Cross Blue Shield, Department of Legislative Services

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