

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 109 (Delegate Krvsiak)
Economic Matters

Health Insurance - Medical Clinical Trials - Coverage

This bill requires insurers, nonprofit health service plans, and HMOs (carriers) to cover treatment in a Phase I clinical trial for a life-threatening condition other than cancer. Current law allows carriers to cover Phase I clinical trials for life-threatening conditions on a case-by-case basis.

This bill takes effect July 1, 1999 and applies to all policies issued on or after July 1, 1999. Any policy in effect before July 1, 1999 must comply with the bill's requirements by January 1, 2000.

Fiscal Summary

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

Fiscal Analysis

State Revenues: Medical care costs for some health plans subject to State mandates could increase as a result of this bill. The extent of the increase, however, cannot be reliably estimated because the number of Phase I clinical trials for life-threatening conditions being conducted at this time is unknown. If there is an increase in medical care costs, causing carriers to increase premiums, 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.

In addition, special fund revenues could increase by an indeterminate minimal amount in fiscal 2000 because carriers that do not already provide coverage under this circumstance 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 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: Expenditures for the State Employee Health Benefits Plan could increase by an indeterminate minimal amount. Portions of the State plan are self-insured, and therefore not required to cover mandated health benefits. In the past, the State Employee Health Benefits Plan has often included coverage for mandated health benefits. Therefore, if the State chooses to include the bill's mandated benefit, medical care costs to the State Employee Health Benefits Plan could increase. In addition, the State plan has several fully-insured products, whose carriers may incur increased medical costs because of the bill's mandated benefit. The carriers may choose to pass the costs onto the State plan as increased premiums. The extent of these increases cannot be reliably estimated because of insufficient data.

Information Source(s): Maryland Insurance Administration; Department of Health and Mental Hygiene; Department of Budget and Management (Employee Benefits Division)

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