

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

Senate Bill 699 (Senator Bromwell)

Finance

**Health Insurance - Health Care Regulatory Fund and Complaint Process for
Adverse Decisions or Grievances**

This bill expands the exemption for certain health insurance carriers from the requirements relating to the adverse decision and grievance process and the health care regulatory assessment for the Health Care Regulatory Fund. Under current law, carriers who offer only long term care insurance, disability insurance, or a health benefit plan issued by a Medicaid managed care organization are exempt. The bill expands the exemption to also include: accidental travel and accidental death and dismemberment insurance; credit health insurance; an insurance policy where payment of benefits is conditioned on a determination of medical necessity made solely by the health care provider; and an insurance policy for which payment of benefits is not conditioned on a determination of medical necessity.

The bill also makes the State's adverse decision and grievance process applicable to all health benefit plans issued in the State and to health benefit plans issued in other states that cover individuals who live and work in Maryland, if the Insurance Commissioner determines the other state does not have an external grievance process comparable to Maryland's.

Fiscal Summary

State Effect: None. The bill's requirements would not directly affect governmental finances.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Additional Comments: The bill expands the types of health insurance policies that are

exempt from the assessment imposed on health insurance carriers to fund the Health Care Regulatory Fund. The fund is used to cover the costs associated with the adverse decision and grievance process that is administered by the Maryland Insurance Administration and the Health Advocacy Unit of the Attorney General's Office. The assessment is calculated by taking the total costs attributable to the adverse decision and grievance process multiplied by the percentage of gross direct health insurance premiums written in the State attributable to a particular carrier in the prior calendar year. The total amount of the assessment for fiscal 1999 was \$1,359,000. This amount is not expected to change for fiscal 2000. There will be approximately 40 fewer carriers who pay into this fund due to the provisions in the bill. Consequently, the remaining carriers may be subject to higher assessments to make up the difference.

The types of insurance coverage that the bill exempts from the health care regulatory assessment generally do not generate grievances that are eligible for resolution under the State's adverse decision and grievance process. Consequently, there will be no decrease in grievances adjudicated by the State and no expected reduction in administrative costs.

Information Source(s): Maryland Insurance Administration, Department of Budget and Management (Employee Benefits Division), Department of Health and Mental Hygiene (Health Care Access and Cost Commission, Medicaid), Department of Legislative Services

Fiscal Note History: First Reader - March 5, 1999
ncs/jr Revised - Senate Third Reader - April 1, 1999
Revised - Enrolled Bill - May 4, 1999

Analysis by: Susan John

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