

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 200 (Delegate Stern. *et al.*)

Economic Matters

Health Insurance - Thin Prep Pap Tests - Coverage

This bill requires an insurer, nonprofit health service plan, and HMO (carrier) to cover Thin Prep Pap tests if the patient's gynecologist or internist requests the test for the patient. A carrier may impose a copayment or coinsurance requirement, or deductible on this coverage if the carrier imposes cost-sharing arrangements on similar coverages.

The bill's requirements apply to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after October 1, 2000. Any policy, contract, or health benefit plan in effect before October 1, 2000, shall comply with the bill's provisions by October 1, 2001.

Fiscal Summary

State Effect: Minimal general fund revenue increase from the State's 2% insurance premium tax on for-profit carriers. Minimal special fund revenue increase for the Maryland Insurance Administration from the \$125 rate and form filing fee. No effect on expenditures.

Local Effect: Expenditures for local jurisdiction health benefits could increase if carriers raise their premiums as a result of the bill's requirements. Revenues would not be affected.

Small Business Effect: Potential minimal.

Analysis

Current Law: Coverage of the Thin Prep Pap test is not a mandated benefit.

Background: The conventional Pap smear, the most widely used cancer screening test in the nation, has reduced the mortality rate of cervical cancer by 70% in the past 50 years. Conventional Pap tests, however, miss over 20% of all cervical cancers. The Thin Prep Pap test, approved in 1996, is over 65% more effective in diagnosing precancerous cells. In addition, doctors can use the same test sample to test for Human Papilloma Virus (HPV), which is known to cause cervical cancer. Thin Prep is a registered trademark of the Cytoc Corporation.

According to the Journal of the American Medical Association, the Thin Prep Pap test is more cost-effective when used for women who are screened infrequently for cervical cancer. When Thin Prep is used every three years, it increased survival at a lower cost than undergoing the conventional Pap test every two years. A woman who is screened every three years with the Thin Prep test between the ages of 20 and 70 will average 25.73 additional days of life, at a life-time screening cost of \$695 (1996 dollars). A woman who is screened every two years with the conventional Pap test will average 25.72 additional days of life, at a life-time screening cost of \$939 (1996 dollars).

According to Cytoc Corporation, the makers of the Thin Prep Pap test, over 150 insurers nationally already cover the test, including Aetna U.S. Healthcare, MAMSI, Prudential, United HealthCare, and over 30 Blue Cross Blue Shield insurers.

State Fiscal Effect: The bill's requirements do not apply to the Medicaid program, and do not affect the State Employee Health Benefits Plan, which currently covers the Thin Prep pap test under all of its medical plans.

Small Business Effect: Small businesses (two-50 employees) purchase the Comprehensive Standard Health Benefit Plan (CSHBP), which is exempt from including mandated benefits in its coverage. All carriers participating in the small business market must sell the CSHBP to any small business that applies for it, but a small business may purchase riders to expand the covered services. In addition, the Maryland Health Care Commission takes mandated benefits into consideration when reevaluating the CSHBP benefit packages. Small business health insurance costs may increase if carriers increase their premiums as a result of this bill. Any increase is expected to be negligible.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Journal of American Medical Association, ProPath Services, Journal of Clinical Cytology and Cytopathology, Cytoc Corporation, George Washington University Health Plan, MAMSI, CareFirst Blue Cross Blue Shield, Aetna U.S. HealthCare, Prudential, Kaiser Permanente, Department of Health and Mental Hygiene (Medicaid), Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - January 31, 2000
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