

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1031 (Delegate R. Baker)

Economic Matters

Health Insurance - Benefits for In Vitro Fertilization

This bill modifies the current law requirement that a health insurer, nonprofit health service plan, and HMO (carrier) must cover in vitro fertilization in certain situations. The bill repeals the limitation that in vitro fertilization benefits may be provided only for married couples. The bill also prohibits the Health Care Commission from excluding in vitro fertilization benefits from the Comprehensive Standard Health Benefit Plan offered to small businesses.

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 requirements by October 1, 2001.

Fiscal Summary

State Effect: If the State chooses to include the bill's mandated benefit as part of the State Employee Health Benefits Plan, expenditures could increase by \$35,300 in FY 2001. 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 Medicaid.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	-	-	-	-	-
SF Revenues	-	-	-	-	-
GF/SF/FF Exp.*	\$35,300	\$49,800	\$52,800	\$56,000	\$59,300
Net Effect	(\$35,300)	(\$49,800)	(\$52,800)	(\$56,000)	(\$59,300)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect

**State Employee Health Benefits Plan - assumes a mix of 60% general funds, 20% special funds, and 20% federal funds; and 20% of expenditures are reimbursable through employee contributions.*

Local Effect: Expenditures for local jurisdiction employee 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 meaningful.

Analysis

Current Law: Carriers must provide coverage for in vitro fertilization for an enrollee if: (1) the patient's oocytes are fertilized with the patient's spouse's sperm; and (2) the patient and the patient's spouse have a history of infertility of at least five years, or the female patient's infertility is caused by endometriosis, exposure to DES, or blockage or removal of fallopian tubes.

In addition, the Comprehensive Standard Health Benefit Plan (CSHBP) is not required to include any mandated benefits in its benefit package offered to small businesses.

Background: The Maryland Health Care Commission's (MHCC) annual report, *Mandated Health Insurance Services Evaluation* (December 1999), addressed the issue of in vitro fertilization (IVF) costs. The report indicates that the average cost for IVF treatment is between \$8,000 and \$12,000 per cycle, including the cost of prescription drugs. Approximately 8% of the reproductive age population is considered to be infertile, but only half of those with infertility problems seek treatment. MHCC's report indicates that only a small fraction of those who seek treatment actually receive treatment by assisted reproductive technologies such as IVF.

State Expenditures: Currently, the State Employee Health Benefits Plan provides IVF benefits to its enrollees, up to three attempts per lifetime. This benefit is limited to married couples. The State has both self-insured and fully-insured health plans. The State is not required to cover mandated benefits under its self-insured plans, but it has generally done so in the past.

Self-Insured Health Plans:

State expenditures under the self-insured plans may increase by as much as \$35,250 in fiscal 2001, which reflects the bill's October 1, 2000, effective date. This estimate is based on the following facts and assumptions.

- approximately 46% of State employees (31,300) are enrolled in the self-insured medical plans;

- it is assumed that 75% of these employees (23,500) are of child-bearing age and approximately 2% of these (470) may seek treatment for infertility in fiscal 2001;
- it is assumed that of these 470 employees, 10% (47) may seek treatment as a result of the bill's repeal of the marriage requirement; and
- an average cost of \$10,000 per IVF cycle.

Future year estimates reflect annualization and 6% health care inflation.

Fully-Insured Health Plans:

State expenditures under the fully-insured plans may increase by a minimal amount. CareFirst BlueCross BlueShield of Maryland indicates that the portion of its FreeState HMO monthly premium attributable to IVF treatments is \$5.05 per enrollee per month. Under the State plan, the monthly premium for FreeState is \$184.83 per month. Premiums for fully-insured health plans are expected to increase as a result of the bill's requirements; however, the State negotiates its premium rates with carriers on an annual basis, and may not bear the full cost of a premium increase.

Small Business Effect: Small businesses (2-50 employees) purchase the CSHBP, which is exempt from including mandated benefits in its coverage. The bill prohibits the CSHBP from excluding IVF benefits under its coverage. Premiums for the CSHBP are expected to increase as a result of the bill's requirements. A significant premium increase may discourage some small businesses from offering health insurance to their employees.

Additional Information

Prior Introductions: None.

Cross File: SB 516 (Senators Pinsky and Sfikas) - Finance.

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

Fiscal Note History: First Reader - February 23, 2000
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Analysis by: Susan D. John

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