

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 53 (Chairman, Finance Committee)
(Departmental - Insurance Administration, Maryland)

Finance

Maryland Health Insurance Portability and Accountability Act - Market Reforms

This departmental bill conforms Maryland law with federal law as it relates to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), thus requiring special enrollment periods for employees in small employer health benefit plans. The bill also makes certain technical corrections relating to group health plans.

This bill takes effect July 1, 2000.

Fiscal Summary

State Effect: None. The bill codifies current practice and would not directly affect governmental finances.

Local Effect: None.

Small Business Effect: The Maryland Insurance Administration (MIA) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: The bill requires small employer-provided health benefit plans to allow eligible employees to enroll in the employer's health benefit plan if: (1) the employee was covered under another employer-sponsored plan and subsequently lost coverage; or (2) an eligible employee acquires a new dependent. The bill also allows an HMO to refuse to renew

a health benefit plan if there are no longer any enrollees who live, reside, or work in the HMO's approved service area. If a carrier elects not to renew a health benefit plan for small employers, it must: (1) provide notice at least 90 days in advance to each affected small employer and enrolled employee; (2) allow each affected small employer to purchase any other health benefit plan currently offered by the carrier; and (3) act uniformly without regard to the claims experience of any affected small employer or the health status of any affected individual. The bill also repeals the provision that a health benefit plan that does not use a preexisting condition provision may impose a waiting period or surcharge on enrollees.

The bill also contains changes that are stylistic in nature and pertain to group health provisions.

Current Law: Maryland law does not address HIPAA requirements in the small group market; however, the MIA has been administratively enforcing all of HIPAA's provisions in the Maryland market since 1997.

Background: This bill codifies current practice and brings Maryland law into compliance with federal law as it relates to small employer health benefit plans and group health plans. The MIA has been enforcing the bill's requirements since HIPAA's effective date (June 30, 1997, for most provisions). When Maryland first adopted HIPAA's provisions in 1997, they were not incorporated into the small group market because this market was new at the time. The federal Health Care Financing Administration (HCFA) conducted a survey of Maryland's HIPAA laws, and recommended certain clarifications and technical changes.

State Fiscal Effect: The bill's requirements codify current law and would not directly affect governmental finances. The State Employee Health Benefits Plan and Medicaid managed care organizations currently comply with the bill's provisions.

Additional Information

Prior Introductions: Chapter 294 of 1997 (SB 843/HB 1358) was passed in the 1997 session and codified HIPAA provisions for the individual and large group health markets.

Cross File: HB 91 (Departmental - Insurance Administration, Maryland) - Economic Matters.

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

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