

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1125 (Delegate Barve)

Economic Matters

Health Benefit Plans - Smoking Cessation Coverage

This bill requires an insurer, nonprofit health service plan, and HMO (carrier) to cover any medically appropriate treatment or assistance, including drugs, that an enrollee's treating health care provider certifies is necessary for the enrollee's participation in a smoking cessation program.

The bill's requirements apply to any new policy issued on or after October 1, 2000. Any renewal of a policy in effect before October 1, 2000, must comply with the bill's requirements by October 1, 2001.

Fiscal Summary

State Effect: Potentially significant increase in expenditures for the State Employee Health Benefits Plan. 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.

Local Effect: Expenditures for local jurisdiction employee benefits could increase if carriers increase their premiums as a result of this bill.

Small Business Effect: Potential minimal.

Analysis

Current Law: Smoking cessation programs are not a mandated benefit.

State Expenditures: Expenditures for the State Employee Health Benefits Plan could increase by a potentially significant amount. The State's prescription plan currently covers

nicotine patches and other prescription drugs licensed by the Food and Drug Administration (FDA). The bill is unclear, however, on whether carriers are required to cover all medically-appropriate drug treatments for smoking cessation, which may include over-the-counter medications and services not normally covered by insurance carriers. If over-the-counter drugs are covered under the bill's requirements, the fiscal impact to the State plan could be significant.

Small Business Effect: Small businesses (2-50 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 package. 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: An identical bill, HB 813 was introduced in the 1999 session. It received an unfavorable report from the House Economic Matters Committee.

Cross File: None.

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

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