

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 6 (Delegate Hurson. *et al.*)

Economic Matters

Health Insurance - Coverage of Habilitative Services for Children

This bill requires an insurer, a nonprofit health service plan, or an HMO (carrier) to provide coverage for habilitative services for a child under 19 who was born with a mental or physical disability. The carrier must provide annual notice of this coverage to its insureds and enrollees. The carrier may provide services through a managed care system.

The Maryland Health Care Commission must submit a report to the House Economic Matters Committee and the Senate Finance Committee by December 31, 2001, detailing the financial, social, and medical impact of the bill's requirements.

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.

Fiscal Summary

State Effect: No effect on Medicaid or 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. Any costs associated with the bill's reporting requirements are assumed to be minimal and could be handled with existing Health Care Commission resources.

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: None. Small businesses (2-50 employees) purchase the Comprehensive Standard Health Benefit Plan (CSHBP), which is exempt from including

mandated benefits in its coverage. However, the CSHBP currently provides coverage for habilitative services for children born with mental or physical disabilities.

Analysis

Current Law: Carriers are not required to cover habilitative services for children who are born with mental or physical disabilities.

Background: Many carriers who provide rehabilitative services for a child who has suffered some type of mental or physical disability as a result of an injury or illness do not provide the same types of services for a child who has had the mental or physical disability from birth. One rationale for this distinction in coverage is that a carrier will provide rehabilitative services to an individual in order to restore the individual to his or her prior mental or physical capabilities, but not in order to improve an individual's congenital mental or physical disabilities. Treatment for a child who has been born with a mental or physical disability is generally called "habilitative" services.

State Fiscal Effect: The State Employee Health Benefits Plan currently covers habilitative services for children born with mental or physical disabilities. These services are handled through the plan's Case Management Services, which coordinates therapy for children in need of different types of therapy. Available services include speech therapy, occupational therapy, and physical therapy. The bill's requirements do not apply to Medicaid.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 8, 2000
mld/jr Revised - House Third Reader - March 17, 2000
Revised - Enrolled Bill - May 3, 2000

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