

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 649 (Delegate Donoghue. *et al.*)

Economic Matters

Health Insurance - Small Group Market - Eligibility Requirements

This bill modifies the determination of employer group size as it relates to the small group insurance market. The bill provides that a small employer, when determining its number of employees, may count an employee who is otherwise covered under a public or private health insurance plan or other health benefit arrangement.

In addition, a health insurance carrier must renew the health benefit plan of a small employer that has coverage on May 31, 2000 for as long as the small employer meets the definition of a small employer in effect on the date the small employer applied for the coverage.

Fiscal Summary

State Effect: Costs associated with studying the small group market are assumed to be minimal and could be handled with existing resources of the State entities conducting the study.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill requires the Maryland Health Care Commission (MHCC), in consultation with the Maryland Insurance Administration (MIA), health insurance carriers, small employers, and insurance agents and brokers, to report on the effect of employer group size on the HMO and PPO delivery systems of each prominent carrier in the small group insurance market. MHCC must specifically consider: (1) the extent of group coverage; (2)

premium increases; (3) the number of covered lives; (4) the number of policies issued; (5) premiums earned; and (6) claims incurred. MHCC must submit its report to the House Economic Matters Committee and the Senate Finance Committee by January 1, 2001. MHCC must, as part of its annual review on the Comprehensive Standard Health Benefit Plan (CSHBP), examine the feasibility and desirability of developing a high deductible health benefit plan for small employers.

This bill takes effect June 1, 2000.

Current Law: A small business includes 1 - 50 employees. To be eligible to purchase the CSHBP, a small business must have employed individuals on at least 50% of its working days during the preceding calendar year. In addition, a small business may not count any employee who has health coverage elsewhere to meet the 1-50 requirement, but it is still considered a small business if all but one employee has health coverage elsewhere.

Additional Information

Prior Introductions: None.

Cross File: SB 801 (Senator Bromwell) - Finance.

Information Source(s): Maryland Insurance Administration, Department of Legislative Services

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