

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

Senate Bill 100 (Senator Teitelbaum, *et al.*)

Finance

Economic Matters

Health Insurance - Colorectal Cancer Screening - Coverage

This bill requires an insurer, nonprofit health service plan, or HMO (carrier) to provide coverage for colorectal cancer screening in accordance with the latest screening guidelines issued by the American Cancer Society. A carrier may impose a copayment, coinsurance, or deductible requirement if these cost-sharing requirements are imposed for similar coverages under the same policy or contract.

This bill applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after July 1, 2001.

Fiscal Summary

State Effect: 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 expenditures.

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 minimal.

Analysis

Current Law: Colorectal screening is not a mandated benefit.

Background: Colorectal cancer is the third leading cause of cancer-related death in the U.S. Incidence rates declined significantly from 1992 to 1996. Research suggests that these declines may be due to increased screening and polyp removal. The five-year survival rate is 90% for people whose colorectal cancer is found and treated in an early stage, before it has spread. Only 37% of colorectal cancers are found at this early stage.

There are several different types of colorectal screening tests, including: (1) fecal occult blood test; (2) flexible sigmoidoscopy; (3) colonoscopy; and (4) double contrast barium enema.

The American Cancer Society's current screening recommendations are that, beginning at age 50, both men and women should follow one of the three screening options: (1) yearly fecal occult blood test plus flexible sigmoidoscopy every five years; (2) colonoscopy every ten years; or (3) double contrast barium enema every five to ten years.

The Maryland Health Care Commission's (MHCC) annual report, *Mandated Health Insurance Services Evaluation* (December 2000), addressed the issue of costs associated with colorectal cancer screening. According to this report, from 0.8% to 1.6% of insured individuals will receive colorectal cancer screening annually. The cost per test would vary depending on the testing method used: (1) \$140 per test for a yearly fecal occult blood test plus a flexible sigmoidoscopy once every five years; and (2) \$450 for a colonoscopy performed once every ten years. Approximately 90% of carriers in Maryland cover these screening procedures; therefore, the marginal cost per employee in a group policy is \$0.63. The MHCC also surveyed local health insurance carriers. Survey responses ranged from no fiscal impact to a 0.25% increase in premiums. Most carriers projected no impact to the premium.

In addition, the MHCC report indicates that the potential savings from early detection can reduce the treatment cost to as low as \$10,000 (from approximately \$40,000 if detected in a later stage).

State Fiscal Effect: The State Employee Health Benefits Plan covers colorectal tests if indicated by an enrollee's family medical history or if the enrollee has symptoms of colorectal cancer. The plan also covers these tests if performed during a covered physical examination. Enrollees in the State plan are entitled to one physical every three years. Since the American Cancer Society recommends colorectal screening tests every five or ten years, depending on the type of exam, it is assumed that these tests will be covered during an enrollee's triennial physical. Medicaid expenditures would not be affected because mandated health benefits do not apply to Medicaid managed care organizations (MCOs).

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: A similar bill, SB 174, was introduced in the 2000 session. It passed the Senate but was reported unfavorably from the House Economic Matters Committee.

Cross File: HB 190 (Delegate Morhaim, *et al.*) - Environmental Matters.

Information Source(s): Department of Legislative Services

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