

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

Senate Bill 593 (Senator Della)
Finance

**Insurers and Health Maintenance Organizations - Prompt Payment - Workers'
Compensation Claims**

This bill prohibits a health insurer, nonprofit health service plan, or HMO (carrier) from delaying payment for services that may be covered under a worker's compensation claim while the issue of compensability of the worker's compensation claim is being determined. If an enrollee's medical condition is subsequently determined to be compensable, a carrier can seek reimbursement from the enrollee for whom payment was made.

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2002. Minimal general fund revenue increase from the State's 2% insurance premium tax on for-profit carriers. Minimal expenditure increase for the State Employee Health Benefits Plan beginning in FY 2002.

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. Expenditures for employee health benefits could increase if carriers raise their premiums as a result of the bill's requirements.

Analysis

Current Law: A carrier must pay a claim for reimbursement within 30 days or send a notice of receipt and status of the claim.

State Fiscal Effect:

Maryland Insurance Administration

Maryland Insurance Administration (MIA) special fund revenues could increase from the \$125 rate and form filing fee. Carriers would be required to pay for services that ultimately may be determined to be compensable under the workers' compensation law. Carriers could incur additional administrative expenses to seek reimbursement of these payments from enrollees, and in some cases, may not be able to obtain reimbursement. Currently, most carrier contracts exclude coverage for injuries or diseases that are covered under worker's compensation claims. If the bill is interpreted to prohibit carriers from excluding this coverage, carriers would have to revise any contracts that exclude this coverage, file the revised contract forms with MIA, and pay the \$125 filing fee.

In addition, the regulations implementing the Comprehensive Standard Health Benefit Plan (CSHBP) for the small group market exclude coverage for injuries or diseases that are compensable under the worker's compensation law. If carriers are prohibited from excluding this coverage, the regulations would have to be amended. Any changes in regulations could be handled with existing MIA resources.

State Employee Health Benefits Plan

State plan expenditures could increase by a minimal amount beginning in fiscal 2002. Carriers could incur additional administrative expenses seeking reimbursement for payments made for services rendered under a worker's compensation claim and may be unable to obtain reimbursement in some cases. To the extent that administrative costs increase and carriers pass these additional costs on to the State, State plan expenditures could increase. Any increase is assumed to be minimal. State plan expenditures assume a fund mix of 60% general funds, 20% federal funds, and 20% special funds; 20% of expenditures are reimbursable through employee contributions.

Additional Information

Prior Introductions: None.

Cross File: HB 941 (Delegate Moe) – Economic Matters.

Information Source(s): Maryland Insurance Administration, Workers' Compensation Commission, Department of Legislative Services

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ncs/jr

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