

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 995 (Delegate McHale)
Economic Matters

**Maryland Health Care Foundation - Health Insurance Demonstration Project
for Uninsured, Low-Income, Working Adults**

This bill authorizes the Maryland Health Care Foundation, through a demonstration project, to contract to offer employer-based health insurance to uninsured, low-income, working adults.

The bill takes effect July 1, 2001 and sunsets December 31, 2005.

Fiscal Summary

State Effect: The Governor's proposed FY 2002 budget allowance contains \$100,000 in special funds (Cigarette Restitution Fund) for the foundation's demonstration project. This is expected to be a one-time expenditure. The Maryland Insurance Administration's annual review of the demonstration projects records for fiscal soundness could be handled with existing budgeted resources. No effect on revenues.

Local Effect: None.

Small Business Effect: Potential minimal. Small businesses that employ individuals enrolled in the demonstration project health insurance program are permitted to contribute toward the enrollee's health insurance premiums. To the extent that small businesses participate, expenditures could increase.

Analysis

Bill Summary: The bill authorizes a three-year demonstration project beginning on or before January 1, 2002. The foundation may contract through competitive procurement procedures to provide employer-based health insurance coverage to any uninsured adult who: (1) has a gross family income of not more than 300% of the federal poverty level (FPL); and (2) is working for an employer that has 51 or more employees, offers health insurance coverage, and the majority of whose employees did not purchase the offered health insurance in the previous 12 months. The insurance coverage must include outpatient preventive services, outpatient primary care services, and specialty services. The total number of enrollees in the demonstration project cannot exceed 30,000 individuals.

The Maryland Insurance Administration must annually review the records of the demonstration project and the carrier contracted to provide benefits to ensure fiscal soundness and compliance with capital surplus, asset, liability, and liquidity requirements enumerated in the Insurance Article.

The foundation must provide an annual report on the scope and status of the demonstration project to the appropriate committees of the General Assembly by September 1.

Current Law: None applicable.

Background: The foundation was established in 1997 (Chapter 180 of 1997) as a charitable, not-for-profit organization to support efforts to increase and improve access to quality health care for the uninsured, underinsured, and medically underserved residents of Maryland. The foundation awards grants to help fund programs that expand access to health care for Marylanders without health insurance. It plans to distribute a minimum of \$2 million in grants each year for these programs. The foundation also promotes public awareness of the need to provide timely, efficient care for uninsured Marylanders, and advocates statutory and regulatory changes to benefit them.

In fiscal 2001 the foundation received \$1.5 million from the Cigarette Restitution Fund and the Governor's proposed fiscal 2002 budget allowance provides the foundation with an additional \$1.5 million from the Cigarette Restitution Fund. The foundation does not receive any general funds.

State Fiscal Effect: The foundation will use \$100,000 of its \$1.5 million fiscal 2002 budget allowance from the Cigarette Restitution Fund to help fund the demonstration project. Total foundation costs for the demonstration project are estimated to be \$400,000

in fiscal 2002 to some 30,000 individuals. The foundation will obtain other funding, such as grants, to cover the remaining project costs. Revenues would not be affected.

Additional Comments:

2001 Federal Poverty Level (FPL) Guidelines*	
Number of Family Members	Annual Income (300% FPL)
1	\$25,770
2	\$34,830
3	\$43,890
4	\$52,950
5	\$77,550

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Additional Information

Prior Introductions: None.

Cross File: SB 568 (Senators Hollinger and Bromwell) – Finance.

Information Source(s): Maryland Health Care Foundation, Department of Health and Mental Hygiene (Community Public Health Administration), Department of Legislative Services

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Analysis by: Susan D. John

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510