

**Department of Legislative Services**  
**Maryland General Assembly**  
**2001 Session**

**FISCAL NOTE**  
**Revised**

Senate Bill 457 (Senators Bromwell and Van Hollen)  
 Finance

Economic Matters

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**Health Insurance - Study of Maryland's Small Group Market**

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This bill requires the Maryland Health Care Commission (MHCC) to contract with an independent consultant to study Maryland's small group health insurance market, comparing its reform law to other states. The consultant must meet with and provide periodic updates to an independent advisory committee comprised of small employers.

The bill takes effect June 1, 2001 and sunsets January 1, 2002.

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**Fiscal Summary**

**State Effect:** MHCC special fund expenditures and revenues each would increase by \$75,000 in FY 2002 only.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
SF Revenue	\$75,000	\$0	\$0	\$0	\$0
SF Expenditure	75,000	0	0	0	0
Net Effect	\$0	\$0	\$0	\$0	\$0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The study must include information on: (1) a comparative analysis of the benefits offered under Maryland's Comprehensive Standard Health Benefit Plan

(CSHBP), including a comparative analysis of the benefits of similar coverage offered in other states; (2) the affordability of the CSHBP, including a comparative analysis of the costs of similar coverage offered in other states; (3) an analysis of the rating factors used in Maryland's small group market compared with the rating factors used in other states for similar markets; and (4) recommendations for changes to the CSHBP or to the rating factors used in Maryland's small group market to make coverage under the plan more affordable and accessible to small businesses and individuals in Maryland. The MHCC must report its findings to the Governor and the General Assembly by January 1, 2002.

**Current Law:** The Maryland Insurance Administration and the Maryland Health Care Commission (MHCC) have joint responsibility for administering the CSHBP. An insurer, nonprofit health service plan, or HMO (carrier) must offer the CSHBP to small businesses (1-50 employees). The MHCC issues an annual review of the CSHBP that addresses recent legislative and regulatory activity in the small group insurance market as well as premium rate and affordability data.

**State Effect:** MHCC special fund expenditures would increase by \$75,000 in fiscal 2002 only to conduct the study. MHCC is specially funded through fees imposed on payors and providers. As a result of the increase in expenditures, MHCC would raise provider fees by an amount to exactly offset the increase in expenditures.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 695 (Delegate Mitchell) – Economic Matters.

**Information Source(s):** Department of Budget and Management (Employee Benefits Division), Maryland Health Care Commission, Department of Legislative Services

**Fiscal Note History:** First Reader – February 13, 2001  
ef/jr Revised – Senate Third Reader – March 26, 2001

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