

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

Senate Bill 91

(Chairman, Finance Committee)

(Departmental – Insurance Administration, Maryland)

Finance

**Health Insurance - Managed Care Organizations and Health Maintenance
Organizations - Reporting Requirements and Penalties**

This departmental bill requires an HMO and Medicaid managed care organization (MCO) to file certain reports with the Maryland Insurance Commissioner.

Fiscal Summary

State Effect: To the extent MCO administrative costs increase as a result of the penalty provisions and reporting requirements, and MCOs pass this cost on to the Medicaid program as increased capitation rates, Medicaid expenditures (50% federal, 50% general funds) could increase. Any increase is expected to be negligible. The civil penalty provisions of this bill are not expected to significantly affect State finances or operations.

Local Effect: None.

Small Business Effect: The Maryland Insurance Administration (MIA) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: The bill specifies that MCOs are subject to the same reporting requirements as HMOs. In addition, the bill provides the Commissioner may require an HMO or MCO (carrier) to file an interim financial report containing any information the Commissioner considers necessary.

The bill also provides penalties for failure to file certain reports by the required deadlines. A carrier that fails to file an annual report, interim report, or audited financial report by the specified due date is subject to penalties of: (1) \$100 for each day up to and including the tenth day the report is due; and (2) \$150 for each day from the eleventh day after the report is due to the day before the Commissioner receives the report.

Current Law: An HMO is currently required to: (1) file a report with the Insurance Commissioner on or before March 1 that shows the financial condition of the HMO on the last day of the preceding calendar year; and (2) file an audited financial report on or before June 1 for the preceding calendar year. MCOs are not subject to similar reporting requirements. There are no penalty provisions for failure to file reports as required.

Background: This bill attempts to make all financial reporting requirements and late penalties uniform for all types of health insurance carriers. Health insurers and nonprofit health service plans are currently subject to the same financial reporting requirements and penalty provisions proposed by the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration, Department of Health and Mental Hygiene (Medicaid), Department of Legislative Services

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lc/jr

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