

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE
Revised

House Bill 692

(Delegate Goldwater, *et al.*)

Economic Matters

Finance

Health Insurance - Habilitative Services - Modification and Clarification

This bill defines “congenital or genetic birth defect” as a defect existing at or from birth, including a hereditary defect. A carrier determination denying a request for habilitative services or denying payment for habilitative services on the grounds that the condition is not a congenital or genetic birth defect is considered an “adverse decision” and therefore subject to appeal under Maryland’s appeals and grievance procedures. The bill’s provisions apply to all policies, contracts, and health benefit plans available on or after October 1, 2002.

Fiscal Summary

State Effect: Maryland Insurance Administration (MIA) special fund revenues from the \$125 rate and form filing fee could increase in FY 2003 only. To the extent carriers incur additional costs under the bill’s provisions, State Employee Health Benefits Plan expenditures could increase.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase depending upon the current type of health care coverage offered and number of enrollees. Any increase is expected to be negligible. Revenues would not be affected.

Small Business Effect: Potential minimal. Small businesses (fewer than 50 employees) purchase the Comprehensive Standard Health Benefit Plan (CSHBP), which is exempt from including mandated benefits in its coverage. However, coverage for habilitative services is provided under the CSHBP. To the extent carriers incur additional costs under the bill’s provisions and pass the increases onto enrollees, small business health insurance costs could increase.

Analysis

Current Law: A carrier must provide coverage for habilitative services for a child under 19 who was born with a mental or physical disability. The carrier must provide annual notice of this coverage to its insureds and enrollees. The carrier may provide services through a managed care system.

“Habilitative services” means services, including occupational therapy, physical therapy, and speech therapy, for the treatment of a child with congenital and genetic birth defects to enhance the child’s ability to function.

State Fiscal Effect: The bill’s modification of the definition of “habilitative services” and addition of the definition of “congenital or genetic birth defect” may result in a larger pool of children who are initially eligible to receive services. To the extent carriers pass these costs onto the State Employee Health Benefits Plan, plan expenditures could increase. Any increase is expected 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. No effect on the Medicaid program.

Additional Information

Prior Introductions: Chapter 92 of 2000 (HB 6) established the mandated benefit for habilitative services.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, CareFirst Blue Cross/Blue Shield, Maryland Insurance Administration, Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2002
mld/cer Revised - Enrolled Bill - April 30, 2002

Analysis by: Susan D. John

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