

**Department of Legislative Services
Maryland General Assembly
2002 Session**

FISCAL NOTE

House Bill 882
Economic Matters

(Delegate McHale)

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

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

The bill takes effect July 1, 2002 and terminates December 31, 2005.

Fiscal Summary

State Effect: The Maryland Insurance Administration's (MIA) 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, 2003. The foundation may contract through competitive procurement procedures to provide employer-based health insurance coverage to any uninsured

employee who: (1) has a gross family income of not more than 300% of the federal poverty level (FPL) (see **Exhibit 1**); 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 services, outpatient primary care services, and specialty services. In addition, the demonstration project must offer a voluntary hospital component to ensure the provision of acute care services to enrollees. The total number of enrollees in the demonstration project may not exceed 30,000 individuals.

MIA must provide to the foundation annually: (1) a copy of the contracting carrier's risk-based capital levels; and (2) if applicable, a copy of any final financial examination report on the carrier prepared by MIA in the previous 12 months.

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. The annual report must include an evaluation of the demonstration project's impact on hospital inpatient costs and uncompensated care.

Exhibit 1

2001 Federal Poverty Level (FPL) Guidelines*	
Number of Family Members	Annual Income (300% FPL)
1	\$26,580
2	\$35,820
3	\$45,060
4	\$54,300
5	\$63,540

**Federal Register, Vol. 67, No. 31, February 14, 2002, pp. 6931-6933.*

Current Law: 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. The foundation does not receive any general funds from the State.

State Fiscal Effect: The Health Care Foundation did not respond to the Department of Legislative Services' request for information. Assuming projected foundation

expenditures on this demonstration project are the same as assumptions for last year's identical bill, total foundation costs for the demonstration project are estimated to be \$400,000 in fiscal 2003 to cover 30,000 individuals. The foundation would be required to obtain funding, such as grants, to cover these costs. These funds will be used to develop and market an affordable preventive and primary health benefits package for low-income workers as well as to provide incentives for carrier, employee, and employer participation. Enrolled employees will pay premiums to receive coverage. Revenues would not be affected.

Additional Information

Prior Introductions: An identical bill, SB 568, was introduced in the 2001 session. The Senate passed the bill with amendments, but it was reported unfavorably by the House Economic Matters Committee.

Cross File: SB 609 (Senator Hollinger) - Finance.

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

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