

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

**FISCAL NOTE**  
**Revised**

Senate Bill 443

(Senator Teitelbaum, *et al.*)

Finance

Economic Matters

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**Counties and Municipal Corporations - Group Health Benefit Plans - Coverage  
for Residents**

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This bill permits a county or municipal corporation that offers health benefits to its employees to allow county or municipality residents to participate in the employees' group health benefit plan. A resident may participate in the group health benefit plan only if the individual has been a resident of the county or municipality for at least one year, and is not eligible for coverage under Medicaid, Medicare, the Maryland Children's Health Program, or any other group insurance plan. The resident must pay the full cost of the premium with no subsidy from the county or municipality. The county or municipality may charge the resident an annual administrative fee and may limit the number of participants.

Any county or municipal corporation that offers coverage must report to the Governor and the General Assembly on the number of covered lives, age, employment status, total premium, and total claims of all residents participating.

The bill's provisions do not apply to a county or municipal corporation that is self-insured or qualifies as a small employer under the Insurance Article.

The bill takes effect July 1, 2002.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** To the extent a county or municipal corporation chooses to permit residents to participate in its group health insurance plan, local expenditures and revenues could increase significantly.

**Small Business Effect:** None.

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### **Analysis**

**Current Law:** Counties and municipal corporations are not required to permit non-employees to participate in group health insurance plans.

**Local Fiscal Effect:** If local governments choose to enroll residents, health benefit expenditures could increase significantly. Residents most likely to participate in local government group health plans would be high-risk individuals who cannot meet underwriting requirements of individual health insurance plans. Adding high-risk individuals to group health plans could skew the risk rating of the group and increase the costs of the plans, including the employer's share, for all participants.

Local governments would be permitted to charge an administrative fee to cover administrative costs. To the extent residents enroll in local government plans, revenues could increase.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Town of Elkton, City of Bowie, City of Annapolis, Montgomery County, Prince George's County, Maryland Municipal League, Department of Legislative Services

**Fiscal Note History:** First Reader - February 7, 2002  
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