

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 605 (Delegate Hammen)

Health and Government Operations

Finance

Maryland Health Care Commission - Evaluation of Mandated Health Insurance Services

This bill changes existing evaluation requirements performed by the Maryland Health Care Commission (MHCC) for mandated health insurance services.

The bill takes effect July 1, 2003.

Fiscal Summary

State Effect: MHCC special fund expenditures and revenues each increase by \$50,000 in FY 2004. Future year estimates reflect inflation.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
SF Revenue	\$50,000	\$50,500	\$51,000	\$51,500	\$52,000
SF Expenditure	50,000	50,500	51,000	51,500	52,000
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.

Analysis

Bill Summary: The bill repeals the provision requiring MHCC to evaluate existing mandated health insurance services (mandated benefits) if MHCC has determined that the full cost of mandated benefits is equivalent to or exceeds 2.2% of the State's average annual wage. Instead, MHCC must conduct an evaluation of existing mandated benefits and report to the General Assembly by January 1, 2004, and every four years thereafter.

The evaluation of mandated benefits must include: (1) an assessment of the full cost of each existing mandated benefit as a percentage of the State's average annual wage and of premiums for the individual and group health insurance market; (2) an assessment of the degree to which existing mandated benefits are covered in self-funded plans; and (3) a comparison of mandated benefits provided by the State with those provided in Delaware, the District of Columbia, Pennsylvania, and Virginia.

Current Law: If MHCC determines that the full cost of mandated benefits is equivalent to or exceeds 2.2% of the State's average annual wage, MHCC must evaluate the social, medical, and financial impact of each existing mandated benefit.

Background: MHCC conducts an annual study of mandated health benefits. According to its December 31, 2002 report, there are 40 required health insurance benefits or services that carriers must include. On average, these mandated health benefits account for 15% of a health insurance policy premium's total cost.

State Fiscal Effect: MHCC special fund expenditures could increase by \$50,000 in fiscal 2004 to contract with a consultant collect data and perform analysis necessary for required reports. The contractor would be responsible for assessing the relative costs of mandated benefits, determining the extent to which self-funded plans offer mandated benefits, and compare the State's mandated benefits to those in contiguous states. Future year estimates reflect 1% annual inflation.

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.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Maryland Health Care Commission), Department of Legislative Services

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