

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 569 (Delegate Morhaim)
 Health and Government Operations

Health Insurance - Payment to Providers for Colorectal Screenings

This bill requires a health insurer, nonprofit health service plan, and HMO (carrier) to pay a claim submitted by a licensed health care provider for colorectal cancer screening at a rate no less than 140% of the rate paid by the Medicare program, as published by the federal Centers for Medicare and Medicaid Services (CMS), for the same covered service, to a similarly licensed provider.

The bill's provisions apply to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after October 1, 2003.

Fiscal Summary

State Effect: If carriers in the State Employee and Retiree Health and Welfare Benefit Plan (State health plan) are currently reimbursing providers at the Medicare reimbursement rate, State health plan expenditures could increase by as much as \$239,400 per year, beginning FY 2004. Minimal general fund revenue increase from the State's 2% insurance premium tax on for-profit carriers, beginning FY 2004. Minimal special fund revenue increase for the Maryland Insurance Administration from the \$125 rate and form filing fee in FY 2004 only. No effect on Medicaid.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GF Revenue	-	-	-	-	-
SF Revenue	-	0	0	0	0
GF/SF/FF Exp.	239,400	272,900	311,100	354,700	404,300
Net Effect	(\$239,400)	(\$272,900)	(\$311,100)	(\$354,700)	(\$404,300)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

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 minimal. Revenues would not be affected.

Small Business Effect: Potential minimal.

Analysis

Current Law: A carrier must provide coverage for colorectal cancer screening in accordance with the latest screening guidelines issued by the American Cancer Society. A carrier may impose a copayment, coinsurance, or deductible requirement if these cost-sharing requirements are imposed for similar types of coverage under the same policy or contract.

Background: Colorectal cancer is the third leading cause of cancer-related death in the U.S. Incidence rates declined significantly from 1992 to 1996. Research suggests that these declines may be due to increased screening and polyp removal. The five-year survival rate is 90% for people whose colorectal cancer is found and treated in an early stage, before it has spread. Only 37% of colorectal cancers are found at this early stage.

There are several different types of colorectal screening tests, including: (1) fecal occult blood test; (2) flexible sigmoidoscopy; (3) colonoscopy; and (4) double contrast barium enema.

The American Cancer Society's current screening recommendations are that, beginning at age 50, both men and women should follow one of the three screening options: (1) yearly fecal occult blood test plus flexible sigmoidoscopy every five years; (2) colonoscopy every ten years; or (3) double contrast barium enema every five to ten years.

The Medicare reimbursement rate for colorectal screenings varies by type of provider, type of screening, and region of the country. In Maryland, the 2002 Medicare reimbursement rate was \$104. Rates for 2003 are due to be published in March 2003.

The Maryland Health Care Commission's (MHCC) annual report, *Mandated Health Insurance Services Evaluation* (December 2000), addressed the issue of costs associated with colorectal cancer screening when the mandated benefit was first proposed in the General Assembly. According to this report, from 0.8% to 1.6% of insured individuals receive colorectal cancer screening annually. The cost per test varies depending on the testing method used: (1) \$140 per test for a yearly fecal occult blood test plus a flexible sigmoidoscopy once every five years; and (2) \$450 for a colonoscopy performed once every ten years.

State Fiscal Effect: State health plan expenditures could increase by as much as \$239,400 beginning in fiscal 2004. The State has both self-insured and fully-insured

health plans. The State is not required to cover mandated benefits under its self-insured plans, but it has generally done so in the past and currently provides coverage for colorectal cancer screening.

Self-insured plans: If carriers in the State health plan are currently reimbursing providers at the Medicare reimbursement rate, State health plan expenditures could increase by as much as \$239,400 in fiscal 2004. The average reimbursement rate for this service by providers who participate in the State health plan is unknown. MHCC's report indicated the average reimbursement rate is \$140; however, State health plan providers may pay less due to discounted reimbursement arrangements with providers. This estimate assumes 5,700 State health plan enrollees (2% of total) receive sigmoidoscopy screenings annually at 140% of Medicare's reimbursement rate (\$42 increase per screening).

Fully-insured plans: To the extent carrier reimbursements to providers increase and carriers pass the costs on to the State health plan, premiums for the fully-insured plans could increase.

Future year expenditures reflect 14% annual health insurance inflation. 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.

The bill's requirements do not apply to Medicaid.

Small Business Effect: Small businesses (50 or fewer employees) purchase the Comprehensive Standard Health Benefit Plan (CSHBP), which is exempt from including mandated benefits in its coverage. All carriers participating in the small business market must sell CSHBP to any small business that applies for it. A small business may purchase riders to expand the covered services. In addition, MHCC takes mandated benefits into consideration when reevaluating the CSHBP benefit package. Small business health insurance costs may increase if carriers increase their premiums as a result of this bill. Any increase is expected to be negligible.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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mdf/jr

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