

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 126 (Delegate Hammen)
Health and Government Operations

Maryland Health Insurance Plan - Modification

This bill permits the Board of Directors of the Maryland Health Insurance Plan (MHIP) to set a premium rate that varies based on the geographic region of the State in which an enrollee lives.

The bill takes effect June 1, 2004.

Fiscal Summary

State Effect: MHIP could readjust premium rates based on geography in a revenue-neutral manner in FY 2004. No effect on expenditures.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The MHIP board must establish a premium rate for plan coverage subject to review and approval by the Insurance Commissioner. The rate may vary only on the basis of family composition.

The Comprehensive Standard Health Benefit Plan sold in the small group market is also subject to rate setting requirements and is permitted to set rates based on geographic regions of the State.

Background: MHIP is an independent unit of the Maryland Insurance Administration (MIA). Created in 2002 (Chapter 153 of 2002), this high-risk pool plan provides health insurance coverage to medically-uninsurable individuals. On July 1, 2003, MHIP replaced the Substantial, Available, and Affordable Coverage (SAAC) product for medically-uninsurable people that some health insurance carriers sold in the individual market. Carriers had been given a 4% differential on their hospital rates as an incentive to offer SAAC products. However, many carriers had discontinued their SAAC products in recent years. In response, Chapter 153 created MHIP. MHIP is funded primarily by enrollee premiums and an assessment on each hospital's base rate.

There are approximately 7,100 individuals enrolled in MHIP. Enrollees pay premiums ranging from \$164 to \$523 per month depending on their age and coverage option.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 3, 2004
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