

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 529

(Senator Ruben)

Finance

Health Insurance - Maryland Health Insurance Plan - Specialist Services

This bill requires the Maryland Health Insurance Plan (MHIP) to permit an enrollee to use an out-of-network specialist if there is no in-network specialist within 25 miles of the enrollee's residence. MHIP may not impose a higher copayment or coinsurance requirement than what the enrollee is required to pay for the same service provided by an in-network specialist.

The bill applies to all health benefit plans issued, delivered, or renewed in the State on or after October 1, 2004.

Fiscal Summary

State Effect: To the extent out-of-network specialty care is accessed, MHIP special fund expenditures could increase beginning in FY 2005. No effect on revenues.

Local Effect: None.

Small Business Effect: Minimal. Some out-of-network specialists could receive higher reimbursements from MHIP.

Analysis

Current Law: MHIP reimbursement rates for specialty care is not specified in statute.

Background: Chapter 153 of 2002 established MHIP, a high-risk pool that provides health insurance to medically-uninsurable people. On July 1, 2003, MHIP replaced the

substantial available and affordable coverage (SAAC) product sold to people who are generally too sick to obtain affordable health insurance coverage. Health insurance carriers had been given a 4% differential on their hospital rates as an incentive to offer SAAC products in the individual market. However, many carriers had discontinued their SAAC products in recent years. In response, Chapter 153 created MHIP to provide health insurance coverage to medically-uninsurable individuals.

There are approximately 7,100 individuals enrolled in MHIP. The monthly MHIP premiums are \$328 to \$523.

MHIP offers two benefit plans for enrollees, a preferred provider option (PPO) and an EPO. The administrator of both plans is Maryland Physicians Care. If an enrollee chooses the PPO, there is a \$1,000 per person annual deductible, 20% coinsurance for in-network services, and 40% coinsurance for out-of-network services. If an enrollee chooses the EPO, there is no deductible, a \$20 copayment per visit for primary care and lab services, a \$30 copayment for specialty care, and no deductible.

State Fiscal Effect: If MHIP enrollees access out-of-network specialty care that must be reimbursed at higher rates, MHIP special fund expenditures would increase beginning in fiscal 2005. There are insufficient data to reliably estimate any increase. Revenues would not be affected.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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ncs/jr

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