

**Department of Legislative Services**  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 521 (Chairman, Finance Committee)  
(By Request – Departmental – Insurance Administration, Maryland)

Finance

Health and Government Operations

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**Health Insurance - High-Deductible Health Plans - Prohibition on Deductible -  
Exception**

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This emergency departmental bill creates an exemption from current law that prohibits a health insurer, nonprofit health service plan, or HMO (carrier) from imposing any copayment, coinsurance, or deductible for specified home visits for mothers and newborn children. The bill specifies that when an enrollee is covered under a high-deductible health plan, the enrollee is subject to the plan's deductible.

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**Fiscal Summary**

**State Effect:** None. It is unlikely that carriers would make any rate filings to the Maryland Insurance Administration (MIA) based solely on the bill's provisions. Neither the State Employee and Retiree Health and Welfare Benefit Plan nor Medicaid would be affected.

**Local Effect:** None.

**Small Business Effect:** MIA has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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**Analysis**

**Current Law:** A carrier must provide coverage for inpatient hospitalization services for a mother and newborn child for a minimum of 48 hours for a regular delivery and 96 hours for a cesarean section. A mother may request a shorter stay. For a mother and

newborn child who have a shorter hospital stay, a carrier must provide coverage for two home visits, and the carrier may not impose any copayment, coinsurance, or deductible on the enrollee.

**Background:** The federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 created health savings accounts (HSAs) to use with high-deductible health plans in an effort to make health insurance coverage more affordable. HSAs are tax-free savings accounts for medical expenses that permit individuals to obtain affordable health coverage. A high-deductible plan is required to have a minimum annual deductible of \$1,000 for individual coverage and \$2,000 for family coverage (the deductible amount is indexed every year).

A high-deductible plan may apply a smaller deductible or no deductible for preventive care services; however, home visits for mothers and newborn children do not qualify as preventive care and would still be subject to a deductible.

Without the bill's modification of current prohibitions on copayments, coinsurance, or deductibles, an individual would not be able to establish an HSA for use with a high-deductible health plan.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene (Medicaid, Maryland Health Care Commission), Maryland Insurance Administration, Department of Budget and Management (Employee Benefits Division), Department of Legislative Services

**Fiscal Note History:** First Reader - March 14, 2005  
sj/jr

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