

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 303 (Delegate Morhaim, *et al.*)
Health and Government Operations

Finance

Health Insurance - Mandated Benefits - Smoking Cessation Treatment

This bill requires an insurer, a nonprofit health service plan, and an HMO (carrier) to cover nicotine replacement therapy.

The bill applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after October 1, 2005.

Fiscal Summary

State Effect: Minimal general fund revenue increase from the State's 2% insurance premium tax on for-profit carriers, if premiums increase. Minimal special fund revenue increase for the Maryland Insurance Administration from the \$125 rate and form filing fee. No effect on the State Employee and Retire Health and Welfare Benefits Plan, which already covers these types of drugs.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase depending upon the current type of health care coverage offered and the number of enrollees. Revenues would not be affected.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: A carrier that provides prescription drug coverage must provide coverage for: (1) any prescribed drug approved by the U.S. Food and Drug Administration as an aid for the cessation of the use of tobacco products; and (2) two 90-day courses of nicotine replacement therapy during each policy year.

Current Law: Treatment for nicotine replacement therapy is not a mandated benefit. Although not required by statute, the State plan covers prescriptions for these types of smoking cessation drugs.

Background: In Maryland, the smoking rate is about 22% for adults and about 19% among ninth through twelfth graders. The Centers for Disease Control (CDC) estimate about 52% of adult smokers attempt to quit. No data are available on their success rates, and not all smokers who attempt to quit use a smoking cessation program.

Small Business Effect: Small businesses (up to 50 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 the CSHBP to any small business that applies for it, but 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. To the extent small businesses choose to cover this benefit, or if MHCC includes it as a mandated benefit in the CSHBP, small business health insurance costs could increase.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 4, 2005
ncs/jr Revised - House Third Reader - March 24, 2005
Revised - Enrolled Bill - April 20, 2005

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