

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

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

House Bill 1328 (Chairman, Health and Government Operations Committee)  
(By Request – Departmental – Insurance Administration, Maryland)

Health and Government Operations

Finance

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**Health Insurance - Maryland Health Insurance Plan - Premiums and  
Information from Carriers**

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This departmental bill permits the Board of Directors of the Maryland Health Insurance Plan (MHIP) to charge different premiums based on the benefit package delivery system when more than one system is offered.

The bill also specifies that if a carrier denies coverage under a medically underwritten health benefit plan to an individual, the carrier must provide the name and address of the individual, as well as the name and address of the insurance producer, if available, to MHIP.

These provisions do not take effect until MHIP receives an exception determination from the U.S. Department of Health and Human Services stating the provision of this information may be exempted from federal privacy laws.

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**Fiscal Summary**

**State Effect:** MHIP could readjust premium rates based on benefit packages delivery systems in a revenue-neutral manner in FY 2006. No effect on expenditures.

**Local Effect:** None.

**Small Business Effect:** The Maryland Insurance Administration (MIA) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. The attached assessment does not reflect amendments to the bill.

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## 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. MHIP only provides one benefit package. If a carrier denies coverage to an individual under a medically-underwritten plan, the carrier must inform the individual of potential eligibility for MHIP coverage.

**Background:** MHIP is an independent unit of MIA. Created in 2002 (Chapter 153 of 2002), this high-risk pool plan provides health insurance coverage to medically-uninsurable individuals. MHIP is funded primarily by enrollee premiums and an assessment on each hospital's base rate.

Currently, MHIP may alter premium rates on the basis of family composition and age. The bill permits carriers to charge different premiums based on the benefit package delivery system selected. MHIP offers two different types of benefit delivery systems – a preferred provider organization (PPO) and an exclusive provider organization (EPO). This change would provide MHIP enrollees with more choices in coverage and cost.

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## Additional Information

**Prior Introductions:** Similar bills, HB 126, HB 667, and SB 931 of 2004, all proposed to vary MHIP premium rates by geography. HB 126 was not reported by the Health and Government Operations Committee. HB 667 passed the House, but was amended in the Senate, omitting the provision for geography-based rates. SB 931 was not reported by the Finance Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 16, 2005  
ncs/jr Revised - House Third Reader - April 8, 2005

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