SB 1043

Department of Legislative Services
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FISCAL AND POLICY NOTE
Revised

Senate Bill 1043 (Senators Conway and McFadden)
Finance Health and Government Operations

Maryland Health Care Commission - Racial and Ethnic Variations Data - Nondiscrimination in Health Insurance

This bill requires the Maryland Health Care Commission (MHCC) to the extent feasible to incorporate racial and ethnic variation data in its performance evaluation guides (report cards) for HMOs, nursing homes, and hospitals and ambulatory surgical centers. Further, the bill specifies that an insurer, nonprofit health service plan, or HMO (carrier) may not use racial or ethnic variation data collected under the bill to reject, deny, limit, cancel, refuse to renew, increase rates of, affect the terms or conditions of, or otherwise affect a health insurance policy or contract.

Fiscal Summary

State Effect: MHCC special fund expenditures and revenues could each increase by $120,000 in FY 2007 to include the required data in various report cards. Future year estimates reflect contractual costs for annual data collection.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
SF Revenue	$120,000	$75,000	$75,000	$75,000	$75,000
SF Expenditure	120,000	75,000	75,000	75,000	75,000
Net Effect	$0	$0	$0	$0	$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: MHCC must annually develop performance evaluation guides (commonly referred to as report cards) that evaluate the quality of care outcomes and performance measures of HMOs, nursing homes, hospitals, and ambulatory surgical centers.

A health insurer or insurance producer may not make an inquiry about race, creed, color, or national origin in an insurance form, questionnaire, or other manner of requesting general information.

Background: Racial disparities in the provision and quality of health care have long been documented. One report on the subject indicates that racial and ethnic disparities persist in health care for a number of medical conditions and services, even when comparing individuals of similar income and health insurance coverage.

Racial and ethnic differences are apparent when looking at the percentage of individuals who have no health insurance. As illustrated in **Exhibit 1**, in 2003, 13% of whites lacked health insurance, while the uninsured rates for minorities ranged from 20% to 34%.

Exhibit 1
Nonelderly Uninsured by Race/Ethnicity, 2003*

Race/Ethnicity	Uninsured Rate
White (nonLatino)	13%
Asian/Pacific Islander	20%
African American (nonLatino)	21%
American Indian/Alaskan Native	28%
Latino	34%
National Rate	18%

*Kaiser Commission on Medicaid and the Uninsured/Urban Institute 2004

The availability of health care providers in a community also impacts the care obtained. Minorities are more likely to live in medically underserved areas that lack adequate health care sources. Twenty-eight percent of Latinos and 22% of African Americans report having little or no choice in where to seek care, while only 15% of whites report this difficulty. When minorities are able to find accessible health care providers, language and cultural barriers sometimes present difficulties. Approximately 30% of Latinos say they have had a problem communicating with health care providers.

While the gaps in quality of care among races have decreased over the past several years, African Americans are still getting far fewer operations, exams, medications, and other treatments than whites. One study published in the *New England Journal of Medicine* measured gaps in care provided to whites and African Americans, looking at such screenings and treatments as breast cancer screening, diabetes care, beta blocker prescriptions after myocardial infarction, and cholesterol management after myocardial infarction or coronary procedures. Over the seven-year period studied, quality of care increased for both whites and blacks, and disparity gaps decreased. However, African Americans still received less treatment than whites, particularly related to cholesterol management.

State Fiscal Effect: MHCC special fund expenditures could increase by $120,000 in fiscal 2007 to contract with an outside vendor to collect racial variations data for use in various report cards. Future year estimates reflect ongoing data collection costs.

MHCC special fund revenues could increase by $120,000 in fiscal 2007. MHCC is specially funded through assessments imposed on payors and providers. As a result of the increase in expenditures, MHCC would increase provider fees by an amount to exactly offset the increase in expenditures. Future year estimates reflect fee increases to cover the cost of data collection.

Additional Information

Prior Introductions: None.

Cross File: HB 1691 (Delegate Nathan-Pulliam, *et al.*) – Health and Government Operations.

Information Source(s): *Policy Challenges and Opportunities in Closing the Racial/Ethnic Divide in Health Care*, Kaiser Family Foundation (March 2005); "Trends in the Quality of Care and Racial Disparities in Medical Managed Care," *New England Journal of Medicine* (August 18, 2005); Department of Health and Mental Hygiene (Maryland Health Care Commission), Department of Legislative Services

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