

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE
Revised

House Bill 572 (Delegate Elliott, *et al.*)
 Health and Government Operations

Finance

Health Insurance - Personal Responsibility - Study

This bill requires the Maryland Health Care Commission (MHCC), in consultation with other specified agencies, to study the issue of personal responsibility for obtaining health care coverage.

The study must address • the affordability of health insurance; • the need to subsidize health insurance for certain individuals; • the use of incentives to encourage individuals to purchase health insurance; • strategies to educate individuals and employers about the importance of health coverage; • whether individual responsibility should be accompanied by some form of employer responsibility; • enforcement issues; • potential reductions in uncompensated care and government expenditures from personal responsibility provisions; and • the need for religious exemptions from any proposed coverage requirement. A report with findings and recommendations is due by December 1, 2007.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: MHCC special fund revenues and expenditures would increase by \$50,000 in FY 2008 to complete the study required under the bill.

| (in dollars) | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|----------------|----------|---------|---------|---------|---------|
| SF Revenue | \$50,000 | \$0 | \$0 | \$0 | \$0 |
| SF Expenditure | 50,000 | 0 | 0 | 0 | 0 |
| 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: None applicable.

Background: As of July 1, 2007, Massachusetts residents must purchase health insurance when an acceptably comprehensive plan is available at an affordable price or face a financial penalty (\$189 in 2007 and half the cost of the lowest available yearly premium in 2008). In January 2007, California Governor Arnold Schwarzenegger proposed a health care reform plan that would require all California residents to obtain health insurance or face reductions in their state income tax refunds or have their wages garnished.

State Fiscal Effect: Special fund expenditures for MHCC would increase by \$50,000 in fiscal 2008 to hire a contractor to assist in the collection and analysis of the data required for the study. Special fund revenues are expected to closely match expenditures to cover ongoing MHCC operations

Additional Information

Prior Introductions: None, as amended.

Cross File: None.

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

Fiscal Note History: First Reader - February 15, 2007
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Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

