

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1374 (Delegates Tarrant and Kullen)
Health and Government Operations

**Health Insurance - Health Reimbursement Accounts and Health Savings
Accounts - Current Deductible and Account Balance Information**

This bill requires insurers, nonprofit health service plans, HMOs, dental plan organizations, and third-party administrators (carriers) that offer health reimbursement accounts (HRAs) or health savings accounts (HSAs) to establish a method to provide current deductible information directly to health care providers and enrollees participating in HRAs or HSAs offered by the carrier.

The method must • be automated; • provide real time deductible and account balance information at the time a health care service is provided; • provide the deductible and account information promptly to the provider or enrollee; and • allow providers to access deductible and account information on a reasonable number of enrollees at the same time. A carrier must provide current deductible and account information on request of a provider or enrollee.

Fiscal Summary

State Effect: The bill would not directly affect governmental operations or finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: None applicable.

Background: An HRA (also known as a health reimbursement arrangement) is an employer funded account that reimburses employees for qualified medical expenses. It can only be established by an employer and is deductible by the employer as a business expense. An HSA is a tax-exempt account created to pay for qualified medical expenses of the account holder and the account holder's spouse or dependents. HSAs can be established by employers or individuals. The *2006 Spencer Survey of Consumer-Driven Health Plans* indicates that in 2006, 28% of employers nationally offered an HSA, while 18% offered an HRA. The survey also noted that the number one reason employers offer these plans is to reduce employer health care costs.

According to the Maryland Insurance Administration, many companies already provide information about enrollee satisfaction of the health insurance deductible to enrollees. However, to comply with the requirements of the bill, insurance companies will need to update their automated information systems to provide the required information.

The State Employee and Retiree Health Benefits Program provides health care flexible spending accounts to employees, but does not offer an HRA or HSA.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 19, 2007
ncs/jr

Analysis by: Jennifer B. Chasse

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