Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 269 (Senator Conway, *et al.*)
Finance Health and Government Operations

Health Insurance - Collection of Racial and Ethnic Data - Nondiscrimination

This bill authorizes an insurer that provides health insurance, nonprofit health service plan, or HMO (carrier) to inquire about race and ethnicity in an insurance form, questionnaire, or other manner requesting general information provided the information is used solely for the evaluation of quality of care outcomes and performance measurements, including the collection of information for annual HMO, ambulatory surgery facility, nursing home, and hospital performance guides.

The bill prohibits these carriers from using race or ethnicity data to reject, deny, limit, cancel, refuse to renew, increase the rates of, affect the terms or conditions of, or otherwise affect a health insurance policy or contract.

The bill authorizes the Maryland Insurance Commissioner to deny a certificate of authority to an applicant; refuse to renew, suspend, or revoke a certificate of authority; or issue a cease and desist order to a carrier that uses race or ethnicity data in a prohibited manner. The Commissioner may also order the carrier to accept the risk of the business, as appropriate, on a finding of discrimination.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Maryland Health Care Commission (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. On or before October 1, 2007, MHCC must, to the extent feasible, incorporate racial and ethnic variations data.

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 (non-Latino)	13%
Asian/Pacific Islander	20%
African American (non-Latino)	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.

Additional Information

Prior Introductions: Similar legislation, SB 1043 of 2006, passed the Senate but no action was taken in the House.

Cross File: None.

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

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