

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 489
Finance

(Senator Britt, *et al.*)

**Health Insurance - Eligibility for the Maryland Health Insurance Plan - Disabled
Individuals**

This bill expands eligibility for enrollment in the Maryland Health Insurance Plan (MHIP) to an individual who: (1) does not have access to health insurance coverage; (2) has been approved to receive federal Social Security Disability Income benefits; (3) is awaiting eligibility for the Medicare program; and (4) meets any other applicable eligibility criteria for the plan. An individual who is eligible for MHIP under these conditions: (1) must be charged a monthly premium that is equal to or less than the monthly premium for Medicare Part B; and (2) may be assessed annual deductibles and coinsurance equal to but not exceeding the deductibles and coinsurance required under the Medicare program. An individual must be automatically disenrolled from MHIP upon enrollment in Medicare. The Insurance Commissioner must adopt regulations to implement these provisions.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: MHIP special fund expenditures could increase by a potentially significant amount beginning in FY 2008. No effect on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: MHIP is an independent unit of the Maryland Insurance Administration. Created by 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.

Background: The Governor's proposed fiscal 2008 budget includes \$84.9 million for MHIP. MHIP's fund balance at the end of fiscal 2007 is expected to be \$125.5 million. As of December 2006, MHIP had 9,951 enrollees.

MHIP offers an Exclusive Provider Organization (EPO) network, similar to an HMO, with monthly premiums ranging from \$273 to \$682 for an individual, depending on age, and no deductible. MHIP also offers PPO plans, with \$500, \$1,000, and \$1,200 deductibles, with monthly premiums ranging from \$111 to \$454 for an individual. The MHIP+ program offers discounted premiums and enhanced benefits to enrollees at or below 225% of federal poverty guidelines (FPG). MHIP+ premiums range from \$132 to \$190 for individuals under 150% FPG and from \$132 to \$310 for individuals between 150% and 225% FPG.

For calendar 2007, the Medicare Part B premium is \$93.50 per month, and the annual deductible is \$131.

State Fiscal Effect: To the extent eligible individuals enroll in MHIP, special fund expenditures could increase by a potentially significant amount. Assuming "access to health insurance" under the bill means an individual does not have access to group health insurance, is medically uninsurable in the individual market, and therefore cannot obtain insurance, the individual would already be eligible for MHIP coverage and the bill would only mandate premiums and deductibles that are lower than what MHIP currently offers. If "access to health insurance" means the inability to financially afford health insurance that the individual otherwise could obtain, MHIP special fund expenditures could increase significantly.

For illustrative purposes only, if a person eligible for coverage under the bill chooses to enroll, MHIP special fund expenditures could increase by about \$2,847 per new enrollee in fiscal 2008. This estimate assumes: (1) the individual is enrolled for 12 months; (2) the current median MHIP monthly premium is \$300, with an annual deductible of \$500; (3) an enrollee under the bill would pay an \$93.50 monthly premium, with an

annual deductible of \$131; and (4) the cost to MHIP would be the difference between its current premium/deductible structure and the one proposed by the bill. There are insufficient data to reliably estimate how many individuals could enroll or how long they stay enrolled before becoming eligible for Medicare Part B coverage.

Additional Information

Prior Introductions: SB 931, an identical bill, had no action taken on it.

Cross File: None.

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

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bfl/jr

Analysis by: Jennifer B. Chasse

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