

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**

House Bill 493 (Delegate Hubbard)  
Health and Government Operations

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

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This bill enhances access to enrollment in the Maryland Health Insurance Plan for individuals who • do not have access to health insurance coverage; • have been approved to receive federal Social Security Disability Income; • are awaiting eligibility for Medicare; and • meet other applicable MHIP eligibility criteria.

An individual eligible for MHIP under these conditions must be charged a monthly premium equal to or less than the monthly premium for Medicare Part B and may be assessed annual deductibles and coinsurance equal to but not exceeding those required under Medicare. An individual must be automatically disenrolled from MHIP upon enrollment in Medicare. The Maryland Insurance Commissioner has to adopt regulations to implement the bill.

The bill takes effect July 1, 2008.

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**Fiscal Summary**

**State Effect:** Assuming continued enrollment at reduced premiums and deductibles, MHIP special fund revenues could decrease beginning in FY 2009. Alternatively, to the extent that the bill increases enrollment, special fund revenues could increase. In either case, special fund expenditures would increase by a potentially significant amount beginning in FY 2009.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Current Law:** MHIP is an independent unit of the Maryland Insurance Administration. Its purpose is to decrease uncompensated care costs by providing access to comprehensive health benefits for medically uninsurable individuals. Any individual approved for SSDI who is unable to obtain individual or group health insurance coverage while awaiting Medicare eligibility may enroll in MHIP.

**Background:** The Governor's proposed fiscal 2009 budget includes \$100.0 million for MHIP. MHIP's fund balance at the end of fiscal 2008 is expected to be \$141.8 million, less a required capital adequacy reserve of \$99.5 million. On July 1, 2008, per Chapter 7 of the special session of 2007, \$75.0 million of this balance will be transferred from the MHIP fund to the Health Care Coverage Fund for the expansion of Medicaid and a Small Employer Health Benefit Plan Premium Subsidy Program. MHIP indicates that due to its declining fund balance, it is likely to cap enrollment at between 13,000 and 14,000 members in the near future. As of November 2007, MHIP had 12,210 members.

MHIP offers PPO plans, with \$500 medical/\$100 dental and \$1,000 medical/\$250 drug deductibles, a high deductible plan with a combined \$2,600 medical and dental deductible, and an HMO plan. Premiums range from \$84 (for an individual younger than age 30 in the HDP) to \$1,760 (for family coverage with an individual older than age 65) per month depending on age, family size, plan, and choice of deductible. MHIP also offers discounted premiums and enhanced benefits to members with incomes below 300% of federal poverty guidelines through the MHIP+ Program. MHIP+ monthly premiums range from \$135 to \$715 for individuals based on income.

For calendar 2008, the Medicare Part B premium is \$96.40 per month and the annual deductible is \$135.

**State Revenues:** To the extent that individuals currently enrolled in MHIP and eligible for reduced premiums and deductibles under the bill remain enrolled in MHIP, MIA special fund revenues could decrease by a potentially significant amount in fiscal 2009 due to a reduction in premium income. Premium revenues currently fund 34% of MHIP costs.

*For illustrative purposes only*, for each individual eligible for reduced premiums and deductibles under the bill that remains enrolled in MHIP, MHIP special fund revenues could decline by about \$2,688 per such enrollee in fiscal 2009. This estimate assumes

- the individual is enrolled for 12 months;
- the average MHIP monthly premium is \$290, with an annual deductible of \$500;
- an enrollee under the bill would pay a \$96.40 monthly premium, with an annual deductible of \$135; and
- the reduction in premium revenues for MHIP would be the difference between the current premium/deductible

structure and that proposed under the bill. There are insufficient data to reliably estimate how many such individuals are currently enrolled in MHIP or how long they would remain enrolled before becoming eligible for Medicare.

To the extent that the bill increases enrollment in MHIP for individuals who otherwise would not have enrolled, MIA special fund revenues could increase in fiscal 2009 from new premium revenues.

**State Expenditures:** MHIP special fund expenditures would increase in fiscal 2009 to develop and have the plan administrator implement a new product that complies with the bill. To the extent that premium revenues decline under the bill and/or MHIP costs increase to cover new enrollees, MHIP special fund expenditures would increase.

**Additional Comments:** To the extent that the bill encourages increased enrollment in MHIP by individuals approved for SSDI income and awaiting Medicare eligibility, MHIP would reach its proposed enrollment cap more quickly and would have less enrollment capacity to serve other eligible individuals who would pay the full premium and deductible amounts.

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### Additional Information

**Prior Introductions:** This bill is identical to HB 1061/SB 931 of 2006. Neither bill was acted on by the House Health and Government Operations or Senate Finance committees.

**Cross File:** None.

**Information Source(s):** Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 12, 2008  
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Analysis by: Jennifer B. Chasse

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