

Annually by June 1, each MCO must file an audited financial report for the preceding calendar year. This report must be certified by an audit of an independent certified public accountant.

All reports must be filed with the Insurance Commissioner, in a form required by the Insurance Commissioner, and are a public record.

Current Law: Each MCO is required, annually on or before March 1, to submit an annual report that includes a consolidated financial statement. The consolidated financial statement must cover the MCO and each of its affiliates and consist of the financial statements of the MCO and each of its affiliates in accordance with statutory accounting principles. State regulations require each MCO to submit annual and quarterly audited financial reports to the MIA.

Background: MIA has found that MCOs cannot comply with the consolidated financial statement requirement. While MCOs report under statutory accounting principles, their affiliates follow U.S. Generally Accepted Accounting Principles thereby prohibiting submission of consolidated statements.

The statutory deadline for most regulated entities to file their audited financial statements is June 1, rather than March 1. According to MIA, changing the due date for the report is intended to remove an unnecessary filing burden for MCOs.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 5, 2008
ncs/ljm

Analysis by: Jennifer B. Chasse

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