Department of Legislative Services

Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 476 (Senator Madaleno)

Finance Appropriations

Department of Budget and Management - Health and Welfare Benefits Program - Information from and Liability of Health Insurance Carriers

This bill requires carriers to provide the Department of Budget and Management with information about individuals eligible for or enrolled in the State Employee and Retiree Health and Welfare Benefits Program (State plan) so DBM may determine what if any coverage the individual is receiving from a carrier. Carriers must accept the State plan's right of recovery and the assignment to the State plan of any individual's right of recovery under the State plan. A carrier may not reject, deny, limit, cancel, refuse to renew, increase the rates of, or affect the terms or conditions of a health insurance policy or contract because an individual is eligible for or receives benefits under the State plan.

The bill does not apply to specified fixed indemnity health insurance policies or contracts.

The bill takes effect June 1, 2008.

Fiscal Summary

State Effect: The bill essentially codifies current practice and should not materially affect governmental finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 646 of 2007 (SB 953/HB 1313) required carriers, self-insured plans, pharmacy benefits managers, and other parties legally responsible for payment of a health care claim to provide the Department of Health and Mental Hygiene with information about individuals who are eligible for or enrolled in Medicaid so that DHMH can determine whether the individual, their spouse, or their dependents are covered by a carrier. Carriers must accept Medicaid's right of recovery and the assignment to Medicaid of an individual's right of recovery from the carrier. A carrier may not reject, deny, limit, cancel, refuse to renew, increase the rates of, or affect the terms or conditions of a policy or contract because an individual is eligible for or receives benefits under Medicaid. As a condition of doing business in the State, a carrier must comply with specified requirements of federal law regarding third-party liability.

Background: Passage of Chapter 646 (or similar legislation) was required by the federal Deficit Reduction Act of 2005 as a condition of federal financial participation in Medicaid. The Act was intended to properly coordinate payments for services to ensure that correct payment is made and to recover mistaken payments.

Contracts with medical plans under the State plan currently contain coordination of benefits and subrogation procedures that are audited both internally and externally. The State plan also shares information with the federal Medicare program as part of the Retiree Drug Subsidy process in order to receive a federal Medicare Part D subsidy. For fiscal 2009, the State plan is projected to spend $1.067 billion on payments to health care providers.

Additional Information

Prior Introductions: None.

Cross File: HB 1045 (Delegate Gaines, *et al.*) – Appropriations.

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 - February 11, 2008
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