

Department of Legislative Services  
Maryland General Assembly  
2010 Session

FISCAL AND POLICY NOTE

Revised

Senate Bill 700

(Senator Exum)

Finance

Health and Government Operations

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Health Insurance - Child Wellness Benefits

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This bill requires insurers and nonprofit health service plans to provide, in their child wellness services, all visits for obesity evaluation and management and all visits for and costs of developmental screening as recommended by the American Academy of Pediatrics.

The bill applies to all policies and plans issued, delivered, or renewed in the State on or after October 1, 2010.

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Fiscal Summary

**State Effect:** Minimal increase in special fund revenues for the Maryland Insurance Administration in FY 2011 from the \$125 rate and form filing fee. Review and approval of forms and rate filings can be handled with existing budgeted resources. The State Employee and Retiree Health and Welfare Benefits Program already covers the services required under the bill.

**Local Effect:** Expenditures for some local governments may increase beginning in fiscal 2011.

**Small Business Effect:** None. The bill does not apply to the small group market.

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Analysis

**Current Law:** Insurers and nonprofit health service plans that provide coverage for a family member of the enrollee must include a minimum package of child wellness

services that are consistent with public health policy, professional standards, and scientific evidence of effectiveness.

The minimum package must cover at least:

- all visits for and costs of childhood and adolescent immunizations recommended by the Advisory Committee on Immunization Practices of the Centers for Disease Control [and Prevention];
- visits for the collection of adequate and specified samples;
- universal hearing screening of newborns provided by a hospital before discharge;
- all visits for and costs of age-appropriate specified screening tests as determined by the American Academy of Pediatrics;
- a physical exam, developmental assessment, and parental anticipatory guidance services at specified visits; and
- any laboratory tests considered necessary by the physician as indicated by required services.

Carriers may not impose a deductible for the child wellness services listed above.

**Background:** Coverage of child wellness services is 1 of 45 mandated health insurance benefits that certain carriers must provide to their enrollees. Every four years, the Maryland Health Care Commission (MHCC) examines the fiscal impact of mandated benefits. In 2008, MHCC found that these benefits account for 15.4% of total premium costs for group health insurance and 18.6% of total premium costs for individual policies. Coverage of child wellness services accounts for 1.3% of total premium costs for both group and 1.5% of the total premium costs for individual health insurance policies.

### *Health Insurance Mandates as They Relate to State and Local Governments and the Small Group Market*

Employers have two major options when providing health insurance benefits. They can purchase a fully insured plan from an insurance company or they can self-insure by assuming risk and paying all claims for services themselves, usually through a third-party administrator. The federal Employee Retirement Income Security Act (ERISA) preempts states' ability to require private employers to offer insurance coverage and exempts the coverage offered by self-insured entities from state insurance regulation. Therefore, the health insurance requirements under Title 15, Subtitles 4, 7, and 8 of the Insurance Article apply only to fully insured health benefit plans.

Government entities that self-fund their health benefit plans are *not exempt* under ERISA from state regulation and health insurance mandates. In Maryland, these entities have

instead been exempt from these requirements based on the State definition of “insurance business.” An insurance business includes the transaction of all matters pertaining to an insurance contract, either before or after it takes effect and all matters arising from an insurance contract or a claim under it. Insurance business *does not* include pooling by public entities for self-insurance of casualty, property, or health risks.

In 2008, the Maryland Association of Counties and the Maryland Association of Boards of Education conducted an informal survey of counties and county school boards about their insurance plans, to which 22 counties and 19 school boards responded. Of the 22 responding counties, 13 were self-insured, 4 were fully insured, and 5 offered both self-insured and fully insured options. Of the 19 responding county school boards, 14 were self-insured, 1 was fully insured, and 4 offered both self-insured and fully insured options. The fully insured plans offered by counties and county school boards are subject to State insurance laws.

Maryland’s small group market Comprehensive Standard Health Benefit Plan (CSHBP) is not subject to mandated benefits applicable to the large group market. Rather, MHCC reviews CSHBP on an annual basis and considers making benefit or cost sharing changes at that time. CSHBP does cover child wellness services.

**Local Fiscal Effect:** Local government expenditures (for those that purchase fully insured plans from an insurance company) may increase for some local governments beginning in fiscal 2011 if plans do not currently cover the child wellness services required under the bill.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1017 (Delegate Reznik, *et al.*) - Health and Government Operations.

**Information Source(s):** CareFirst Blue Cross/Blue Shield, Department of Budget and Management, Maryland Health Insurance Plan, Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2010  
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