

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 611

(Senator Della)

Finance

Insurers, Health Maintenance Organizations, and Managed Care Organizations -
Compensation Reports

This bill requires insurers, health maintenance organizations (HMOs), and managed care organizations (MCO) to report annually to the Insurance Commissioner on the compensation, including salary, bonuses, and perquisites, of each officer and each executive of the insurer, HMO, or MCO.

Fiscal Summary

State Effect: The bill does not affect governmental finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: On or before March 1 of each year, each authorized insurer, nonprofit health service plan, and health maintenance organization must file with the Insurance Commissioner a complete statement of its financial condition, transactions, and affairs for the immediately preceding calendar year.

On or before June 30 of each year, each nonprofit health service plan must also file an audited financial report for each affiliate and subsidiary owned by or under the control of the nonprofit health service plan during the immediately preceding calendar year. The report must specifically include the total compensation, including all cash and deferred compensation in addition to salary, of each member of the board of directors of the

nonprofit health service plan, each officer of the nonprofit health service plan or any affiliate or subsidiary of the plan, and any employee of the nonprofit health service plan or any affiliate or subsidiary of the plan designated by the Insurance Commissioner.

Chapter 398 of 2009 requires each hospital regulated by the Health Services Cost Review Commission (HSCRC) to submit to HSCRC as part of its annual filings the most recent Form 990 that the hospital has submitted to the Internal Revenue Service (IRS). Form 990, *Return of Organization Exempt from Income Tax*, is the tax form that nonprofit institutions are required to file annually with the IRS. Part VII of the form collects information about compensation of officers, directors, trustees, key employees, highest compensated employees, and independent contractors.

Additional Comments: The Maryland Insurance Administration (MIA) advises that there are approximately 1,500 insurers, HMOs, and MCOs authorized to operate in the State. Legislative Services' fiscal estimate is based on the bill as written; it does not require MIA to analyze the reports in any way. However, if MIA were required to perform some sort of analysis of the reports required of approximately 1,500 insurers, expenditures would increase with the level of required analysis.

CareFirst BlueCross/BlueShield advises that the bill will create an additional administrative burden and consultant fees, but it does not appear to have any significant financial impact.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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