

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 908

(Senator Stone)

Finance

Health Insurance - Coverage for the Treatment of Bleeding Disorders

This bill requires insurers, nonprofit health service plans, and health maintenance organizations to provide coverage for all medically necessary and appropriate pharmacy care, home nursing services, treatment at a hemophilia treatment center, and clinical laboratory services that an insured's or enrollee's treating physician determines are necessary to prevent, diagnose, or treat a bleeding disorder. The bill specifies what such coverage must include, and for whom.

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

Fiscal Summary

State Effect: Expenditures for the State Employee and Retiree Health and Welfare Benefits Program (State plan) may increase minimally beginning in FY 2015 due to additional administrative costs passed along to the plan after the current medical plan contract expires in July 2014. Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) 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.

Local Effect: Expenditures may increase for some local governments to the extent that the treatment of bleeding disorders is not already covered under health insurance plans provided to local employees.

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

Analysis

Bill Summary: A bleeding disorder under the bill includes all forms of hemophilia, von Willebrand Disease, and any other bleeding disorder that results in uncontrollable bleeding or abnormal clotting.

Current Law: Current law does not address the coverage of bleeding disorders.

Background: “Bleeding disorders” include a wide range of medical problems that lead to poor blood clotting and continuous bleeding. People with bleeding disorders tend to bleed longer, as clotting factors are missing or do not work properly. Some bleeding disorders, such as hemophilia, are inherited, while others result from other diseases, such as liver disease. According to the Council for Affordable Health Insurance, three states require insurers to cover congenital bleeding disorders.

Statute includes 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.

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.

State Expenditures: The Department of Budget and Management (DBM) advises that, while the State plan already covers bleeding disorder treatment, some of the bill's administrative changes will increase administrative program costs. Administrative costs are included in contracts DBM negotiates with third-party medical plan administrators, and its new contract was negotiated in July 2009 and extends for five years. Therefore, if the State plan follows the bill's mandate, its contract would not be adjusted for any additional administrative fees incurred by the medical plan under the current contract. However, costs could increase minimally for the State plan in fiscal 2015 when a new contract will be negotiated.

Local Expenditures: Local government expenditures (for those that purchase fully insured plans from an insurance company) may increase for some local governments that do not already cover the treatment of bleeding disorders.

Additional Information

Prior Introductions: None.

Cross File: HB 1127 (Delegate Holmes, *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, National Institutes of Health, National Hemophilia Foundation, Council for Affordable Health Insurance, Department of Legislative Services

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Analysis by: Sarah K. Volker

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