

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 879

(Senator Stone)

Finance

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**Health Insurance - Coverage for the Treatment of Bleeding Disorders**

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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, 2011.

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**Fiscal Summary**

**State Effect:** Expenditures for the State Employee and Retiree Health and Welfare Benefits Program (State plan) increase beginning in FY 2013. The exact amount of this increase cannot be reliably estimated at this time but could be significant. Minimal increase in special fund revenues for the Maryland Insurance Administration in FY 2012 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.

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## 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.

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:** Although not required to follow health insurance mandates, the State plan generally does. Thus, this estimate is based on the assumption that the State plan will follow the bill’s requirements. The State plan currently covers bleeding disorder treatments but not exactly as provided under the bill. Since the State plan contract runs on a fiscal-year basis, any changes to coverage of bleeding disorder treatment would impact the State plan beginning in the fiscal 2013 plan year.

The Department of Budget and Management advises that coverage of bleeding disorder treatments is very expensive (a single case could exceed \$1.0 million in a plan year). As the bill does not limit treatment to proven standards of care such as the disease panel standards of the World Federation of Hemophilia and the NHLBI von Willebrand Disease Expert Panel, it could increase State plan costs significantly. Furthermore, the bill may limit the ability of the State plan (as well as other employers and carriers) to achieve savings through negotiations with specialty pharmacies.

**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.

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### **Additional Information**

**Prior Introductions:** Similar legislation, HB 1127 of 2010, received an unfavorable report from the House Health and Government Operations Committee. Its cross file, SB 908, received an unfavorable report from the Senate Finance Committee.

**Cross File:** HB 949 (Delegate Holmes) - Health and Government Operations.

**Information Source(s):** 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 2, 2011  
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