

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 730 (Delegate Hill, *et al.*) (By Request)
Health and Government Operations

Finance

Health Insurance - Coverage for Diabetes Test Strips - Prohibition on
Deductible, Copayment, and Coinsurance

This bill generally prohibits an insurer, nonprofit health service plan, or health maintenance organization (collectively known as carriers) from imposing a deductible, copayment, or coinsurance requirement on diabetes test strips. A high-deductible health plan (HDHP) may subject diabetes test strips to the plan's deductible requirement.

The bill takes effect January 1, 2018, and applies to all policies, contracts, and health benefits plans issued, delivered, or renewed in the State on or after that date.

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2018. Review of filings can likely be handled with existing MIA resources. The State Employee and Retiree Health and Welfare Benefits Program currently provides coverage as required under the bill.

Local Effect: None to the extent that local governments with fully insured health benefit plans currently include such coverage.

Small Business Effect: None.

Analysis

Current Law: Under Maryland law, there are 49 mandated health insurance benefits that certain carriers must provide to their enrollees. This includes coverage for all medically

appropriate and necessary diabetes equipment, supplies, and outpatient self-management training and educational services, including medical nutrition therapy.

This required coverage may be subject to the annual deductibles or coinsurance requirements imposed by a carrier for similar coverages under the same health insurance policy or contract. The annual deductibles or coinsurance requirements may not be greater than the annual deductibles or coinsurance requirements imposed by the entity for similar coverages. A carrier may not reduce or eliminate coverages in its health insurance policies or contracts due to these requirements.

HDHPs are health insurance plans with lower premiums and higher deductibles than traditional health insurance plans. HDHPs are often combined with a health savings account or health reimbursement account. An HDHP, as defined by 26 U.S.C. § 223, means a health plan (1) that has an annual deductible of at least \$1,000 for individual coverage and \$2,000 for family coverage and (2) for which the sum of the annual deductible and the other annual out-of-pocket expenses required to be paid under the plan (other than for premiums) for covered benefits does not exceed \$5,000 for individual coverage and \$10,000 for family coverage. Federal law provides for annual inflationary adjustments to the annual deductible under an HDHP. Currently, the deductible is \$1,300 for an individual and \$2,600 for a family.

Background: According to the Department of Health and Mental Hygiene, 467,041 adults in Maryland have diabetes. Individuals with diabetes use blood glucose monitors and diabetes test strips to routinely monitor their blood sugar levels to determine daily adjustments in treatment or medications, to identify dangerously high or low levels of glucose, and to understand how diet and exercise impacts their glucose levels. Many diabetics must test their blood sugar levels multiple times per day.

Additional Comments: CareFirst BlueCross BlueShield advises that it currently covers diabetic test strips for its fully insured business at \$0 cost share. However, under federal Internal Revenue Service rules, HDHPs linked with a health savings account are only permitted to cover diabetic test strips once the member reaches the plan deductible, after which time they are covered at \$0 cost share.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): American Diabetes Association; CareFirst BlueCross BlueShield; Department of Budget and Management; Department of Health and Mental Hygiene; Maryland Insurance Administration; Department of Legislative Services

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