Department of Legislative Services

Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 784 (Senator Ready)
Finance

Health Insurance - Labor and Delivery Services - Cost-Sharing Requirements

This bill prohibits insurers, nonprofit health service plans, and health maintenance organizations (collectively known as carriers) that provide coverage for labor and delivery services from imposing a deductible, coinsurance, copayment, or other cost-sharing requirement for such services. With respect to insurers and nonprofit health service plans, this cost-sharing prohibition only applies to contracts that provide labor and delivery coverage on an expense-incurred basis. **The bill takes effect January 1, 2024, and applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after that date.**

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2024 only from the $125 rate and form filing fee. Review of filings can be handled with existing MIA resources. Expenditures for the State Employee and Retiree Health and Welfare Benefits Program increase by an indeterminate amount beginning in FY 2024.

Local Effect: Potential increase in health insurance premiums for local governments that purchase fully insured plans. Revenues are not affected.

Small Business Effect: Meaningful.

Analysis

Current Law: Under Maryland law, there are more than 50 mandated health insurance benefits that carriers must provide to their enrollees. Carriers must provide coverage for

inpatient hospitalization services for a mother and newborn child for a minimum of 48 hours for a regular delivery and 96 hours for a cesarean section. If prescribed by the attending provider, a carrier must provide coverage for a home visit if the mother and newborn child remained in the hospital for at least the length of time specified above. Alternatively, if a mother and newborn child have a shorter hospital stay, a carrier must provide coverage for one home visit within 24 hours after hospital discharge and, if prescribed by the attending provider, a second home visit. For covered home visits, a carrier may not impose any copayment, coinsurance, or deductible on the enrollee.

Carriers that provide labor and delivery coverage must also cover abortion care services without (1) a deductible, coinsurance, copayment, or any other cost-sharing requirement and (2) any restrictions that are inconsistent with the protected rights under Title 20, Subtitle 2 of the Health-General Article. A carrier must provide information to consumers about abortion care coverage using the terminology "abortion care" to describe coverage. These requirements do not apply to (1) a multistate plan that does not provide coverage for abortions in accordance with federal law or (2) a high-deductible plan, unless the Insurance Commissioner determines that abortion care is not excluded from the safe harbor provisions for preventive care under federal law.

The federal Patient Protection and Affordable Care Act requires nongrandfathered health plans to cover 10 essential health benefits (EHBs), which include items and services in the following categories: (1) ambulatory patient services; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services, including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services, including dental and vision care.

Under § 31-116 of the Maryland Insurance Article, EHBs must be included in the State benchmark plan and, not withstanding any other benefits mandated by State law, must be the benefits required in (1) all individual health benefit plans and health benefit plans offered to small employers (except for grandfathered health plans) offered outside the Maryland Health Benefit Exchange (MHBE) and (2) all qualified health plans offered in MHBE. The Maryland benchmark plan includes delivery and all inpatient services for maternity care as an EHB.

Small Business Effect: Health insurance premiums in the small group market may increase to the extent cost sharing is currently required for labor and delivery services. MIA estimates that the bill's changes will result in a 0.5% to 1.5% increase for premiums in the small group market to cover the cost of reduced cost sharing. MIA advises, though, that carriers could opt to maintain premiums at existing levels by increasing cost sharing for other services.

Additional Comments: Section 223 of the Internal Revenue Code permits an eligible individual to establish a health savings account (HSA) that requires, among other things, that the individual be covered under a high deductible health plan (HDHP). An HDHP may not provide benefits to an individual – unless the benefits are for "preventive care" – until the individual has satisfied their annual minimum deductible. Because Internal Revenue Service guidelines do not classify labor and delivery services as preventive care, the bill's requirements may result in State residents losing their HSA eligibility.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Budget and Management; Maryland Department of Health; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2023
rh/jc

Analysis by: Ralph W. Kettell

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