

D80Z01
Maryland Insurance Administration

Operating Budget Data

(\$ in Thousands)

	FY 2002	FY 2003	FY 2004	FY 03 - 04	FY 03 - 04
	<u>Actual</u>	<u>Approp.</u>	<u>Allowance</u>	<u>Change</u>	<u>% Change</u>
Special Funds	\$22,138	\$22,065	\$23,356	\$1,291	5.9%
Contingent & Back of Bill Reductions	0	-18	-105	-87	
Adjusted Special Funds	\$22,138	\$22,047	\$23,251	\$1,204	5.5%
Adjusted Grand Total	\$22,138	\$22,047	\$23,251	\$1,204	5.5%

- The comparison between the fiscal 2003 working appropriation and the fiscal 2004 allowance accounts for contingent and back of bill reductions.
- Total funds increase by \$1,204,188 (5.5%) over the fiscal 2003 working appropriation. The Maryland Insurance Administration (MIA) is entirely special funded.
- The special fund increase includes a \$2 million reduction for the Initial Producer Licensing information technology project (end of the development/enhancement phase), a \$1 million appropriation for the Rates and Forms information technology project, and a \$0.9 million appropriation for the Compliance and Enforcement information technology project.

Personnel Data

	FY 02	FY 03	FY 04	Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	
Regular Positions	273.00	280.00	296.00	16.00
Contractual FTEs	6.80	9.70	8.60	-1.10
Total Personnel	279.80	289.70	304.60	14.90

Vacancy Data: Regular Positions

Budgeted Turnover: FY 04	9.38	3.17%
Positions Vacant as of 12/31/02	13.00	4.64%

- Total personnel costs increase by \$1,331,072 from the fiscal 2003 working appropriation to the fiscal 2004 allowance. The personnel change occurs with increases for 23 new positions, turnover

Note: Numbers may not sum to total due to rounding.

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D80Z01 - Maryland Insurance Administration

expectancy, health insurance, and retirement. The change also includes decreases for 7 abolished positions, workers' compensation, and other adjustments.

- The budgeted turnover rate for fiscal 2004 is 3.17%, or 9.38 positions.
- As of December 31, 2002, the vacancy rate at MIA was 4.64%, or 13 positions.

Analysis in Brief

Issues

Major Information Technology Projects: MIA is in the middle of several major information technology projects. Two of the major information technology projects have a discrepancy between the appropriations listed in the fiscal 2004 Major Information Technology Development Projects section of the budget (Vol. 5) and the fiscal 2004 allowance. **The Department of Legislative Services (DLS) recommends a net reduction of \$748,399 in special funds to bring the major information technology projects back to the levels described in Volume 5 of the 2004 budget.**

CareFirst Conversion: The Maryland Insurance Administration is in the process of reviewing an application by CareFirst, Inc., in which CareFirst is seeking to convert from a nonprofit, non-stock health plan to a for-profit, stock corporation to be acquired by WellPoint Health Networks Inc. The Insurance Commissioner is required by Maryland law to review the proposal and may not approve the acquisition unless he finds it is in the public interest. A decision is anticipated by February 20, 2003. **DLS recommends that the Maryland Insurance Administration brief the committees on the status of the CareFirst conversion.**

Recommended Actions

	<u>Funds</u>
1. Reduce funds by a net of \$748,399 in special funds to bring the major information technology projects back to the levels described in Volume 5 of the 2004 budget.	\$ 748,399
Total Reductions	\$ 748,399

Updates

Maryland Health Insurance Plan: Chapter 153, Acts of 2002 established the Maryland Health Insurance Plan (MHIP) for medically uninsurable individuals and the Senior Prescription Drug Program for Medicare beneficiaries whose household income is at or below 300% of the federal poverty level guidelines. The Board of the MHIP has taken several steps to begin implementation of the program, including selecting a consulting company to perform actuarial services, selecting an Executive Director, and initiating a request to select a Plan Administrator for MHIP.

D80Z01 - Maryland Insurance Administration

D80Z01
Maryland Insurance Administration

Operating Budget Analysis

Program Description

The Maryland Insurance Administration (MIA) develops policies, procedures, and regulations as well as implements laws that affect Maryland's insurance industry. The agency performs actuarial valuations, rate and form reviews, financial audits, licensing examinations, market conduct examinations, fraud investigations, and prosecutions; resolves consumer complaints; and issues producer licenses (formerly agents and brokers) and company licenses. The Maryland insurance law, in conformity with national standards, no longer makes a distinction between agents and brokers, which are now known as producers. The MIA mission addresses the need for:

- ensuring that the terms and conditions of insurance contracts are reasonable and meet the requirements of Maryland law;
- adjudicating consumer complaints in accordance with insurance law and in a prompt and fair manner;
- protecting the public from unfair trade practices and other violations of the Insurance Code; and
- enforcing solvency standards to ensure that insurers have the financial ability to pay claims when due.

Performance Analysis: Managing for Results

A review of the submitted Managing for Results (MFR) performance data generally shows that performance is moving (or is estimated to move) in a positive direction. The Maryland Insurance Administration effectively links its performance measures to goals and objectives. The performance measures are logically divided into inputs, outputs, efficiency, and outcome and provide percentages as a measure of efficiency.

Objective 1.1 states that during fiscal 2004, 100% of Life and Health form filings will occur within 60 days after receipt of initial filing. MIA achieved a 96% rate in fiscal 2001, a 99% rate in fiscal 2002, and expects to achieve a 100% rate in fiscal 2003 and 2004. The Department of Legislative Services (DLS) and the Department of Budget and Management (DBM) have recommended that the MIA change Objective 1.1 to 45 days. MIA notes in its fiscal 2004 MFR submission that the 60-day objective remains consistent with Maryland's Statute, which requires initial review within 60 days of the filing.

Objective 2.1 states that during fiscal 2004, all Health medical necessity complaints will be resolved within the time frames required by law. MIA achieved a 97% rate in fiscal 2001, a 98% rate in fiscal 2002, and expects to achieve a 100% rate in fiscal 2003 and 2004. The performance measure is not clear on the time frame required by law. In a footnote, MIA states that the average time to adjudicate the Health medical necessity complaints is approximately 60 days, but the time frame required is still unclear.

D80Z01 - Maryland Insurance Administration

Objective 4.1 states that during fiscal 2004, MIA will complete 90% of financial examinations on domestic companies scheduled consistent with statutory time frames, with no more than a 15% variance from the time budgeted for that examination. MIA achieved a 94% rate in fiscal 2001, a 91% rate in fiscal 2002, and expects to achieve a 91% rate in fiscal 2003 and a 94% rate in fiscal 2004.

The Maryland Insurance Administration should comment on Objective 1.1 and the DBM and DLS recommendation to change the goal to 45 days. MIA should also comment on Objective 2.1 and explain what is meant by “time frames required by law.”

Exhibit 1 provides a sampling of MFR measures and selected MFR objectives.

Exhibit 1

**Program Measurement Data
Maryland Insurance Administration
Fiscal 2001 through 2004**

	FY 2001	FY 2002	FY 2003	FY 2004	FY 01-02	FY 01-04
	<u>Actual</u>	<u>Actual</u>	<u>Est.</u>	<u>Est.</u>	<u>Ann Chg.</u>	<u>Ann Chg.</u>
Life and Health insurance form filings processed	14,816	14,772	15,000	15,000	-0.3%	0.4%
Life and Health insurance form filings processed within 60 days	14,221	14,682	15,000	15,000	3.2%	1.8%
Percentage of Life and Health filings processed within 60 days	96%	99%	100%	100%	3.1%	1.4%
Health medical necessity complaints received	1,144	976	980	980	-14.7%	-5.0%
Health medical necessity complaints processed within statutory time frames	1,106	958	980	980	-13.4%	-4.0%
Percentage of necessity complaints processed within statutory time frames	97%	98%	100%	100%	1.0%	1.0%
Number of financial examinations on domestic companies completed	18	23	33	17	27.8%	-1.9%
Number of financial examinations completed with no more than a 15% variance of budgeted time	17	21	30	16	23.5%	-2.0
Percentage of financial examinations completed with no more than a 15% variance of budgeted time	94%	91%	91%	94%	-3.2%	0.0%
Objective 1.1	During fiscal year 2004, review for compliance with insurance statutes and regulations, 100 percent of Life and Health form filings within 60 days after receipt of initial filing.					
Objective 2.1	During fiscal year 2004, resolve all Health medical necessity complaints within the time					

D80Z01 - Maryland Insurance Administration

frames required by law.

Objective 4.1 During fiscal year 2004, complete 90 percent of financial examinations on domestic companies scheduled consistent with statutory time frames, with no more than 15 percent variance from the time budgeted for that examination.

Source: Maryland Insurance Administration

Impact of Cost Containment Fiscal 2003

Fiscal 2003 cost containment reflects the reversion of \$18,018 in appropriations to support free transit ridership for State employees, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act (BRFA) of 2003.

Governor's Proposed Budget

The comparison between the fiscal 2003 working appropriation and the fiscal 2004 allowance accounts for contingent and back of bill reductions. The fiscal 2004 allowance for MIA is \$23,250,937. This represents an increase of \$1,204,188 (5.5%) over the fiscal 2003 working appropriation. MIA is entirely special funded.

Total personnel expenses account for a \$1,331,072 increase. The personnel change occurs with increases for 23 new positions, turnover expectancy, health insurance, and retirement. The personnel change also includes decreases for 7 abolished positions, workers' compensation, and other adjustments. Nonpersonnel changes include a reduction of \$2,000,000 in funds for the Initial Producer Licensing information technology project (development/enhancement is scheduled for completion in fiscal 2003), the addition of \$1,000,000 in funds for the Rates and Forms information technology project, the addition of \$880,000 in funds for the Compliance and Enforcement information technology project, and an increase of \$202,137 for software licenses.

Nonpersonnel changes also include the addition of \$249,261 in funds to support the new Maryland Health Insurance Plan (MHIP) that benefits medically uninsurable individuals and creates the Senior Prescription Drug Program for Medicare beneficiaries whose household income is at or below 300% of the federal poverty level guidelines. This addition of funds for MHIP is reflected in agency-wide increases in areas such as travel and printing/reproduction.

Exhibit 2 shows the distribution of funds. The fiscal 2003 working appropriation and fiscal 2004 allowance are adjusted to include contingent and back of bill reductions.

Exhibit 2

**Governor's Proposed Budget
Maryland Insurance Administration
(\$ in Thousands)**

	<u>FY 2002</u> <u>Actual</u>	<u>FY 2003</u> <u>Approp.</u>	<u>FY 2004</u> <u>Allowance</u>	<u>FY 03 - 04</u> <u>Change</u>	<u>FY 03 - 04</u> <u>% Change</u>
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Where It Goes:

Personnel Expenses

23 new positions	\$1,041
Turnover expectancy	605
Health insurance	431
7 abolished positions	-359
Workers' compensation and other adjustments	-421

Other Changes

End of development/enhancement phase for Initial Producer Licensing information technology project.....	-2,000
Rates and Forms information technology project	1,000
Compliance and Enforcement information technology project.....	880
Completion of the Enterprise Enhancements information technology project	-804
New desktop computers, printers, network web, and replication servers.....	445
Software licenses for switch from outdated Microsoft products	202
Seminars/travel	60
Postage.....	45
Legal services, office assistance, consultants.....	25

D80Z01 - Maryland Insurance Administration

Where It Goes:

Office/computer supplies	20
Administrative hearings.....	18
Telecommunications, computer maintenance contracts	8
Miscellaneous adjustments.....	8
Total	\$1,204

Note: Numbers may not sum to total due to rounding.

Impact of Cost Containment Fiscal 2003

The fiscal 2004 allowance reflects the elimination of the \$104,697 appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in the BRFA of 2003.

Personnel

Total personnel expenses account for a \$1,331,072 increase in the special fund. This change includes increases of \$1,041,011 for 23 new positions, \$604,653 for turnover expectancy, \$431,323 for health insurance, and \$34,690 for retirement. The change also includes decreases of \$359,177 for 7 abolished positions and \$421,428 for workers' compensation and other adjustments.

There were 23 new positions added and 7 positions abolished with the fiscal 2004 allowance. This creates a net increase of 16 regular positions from the fiscal 2003 working appropriation to the fiscal 2004 allowance. Contractual positions are reduced by 1.10 full-time equivalent (FTE) positions, creating a total personnel increase of 14.90 positions.

The 23 new positions include 12 positions for the Producer Licensing function that is returning to MIA because the contract with Assessment Systems, Inc. expires in December 2003. Licensing of insurance producers is legally mandated, and MIA must provide staffing in order to meet the mandate. When MIA outsourced the Producer Licensing function, the department was reduced by 13 positions. The vendor currently handling the function, Assessment Systems, Inc., has 14 staff persons dedicated to licensing for MIA. MIA is requesting 12 positions to support Producer Licensing. Only 8 of these positions will actually be in the Producer Licensing department. One position will be in Fiscal Services to handle the additional work generated by the return of licensing and 3 positions will be in Management Information Systems (MIS) for information technology support for licensing.

MIA is also adding positions for increased demand in MIS. MIA has expressed the need for additional staff to handle MIS support internally, rather than relying on an outside vendor. MIA believes this change

D80Z01 - Maryland Insurance Administration

will result in cost savings because internal support is less expensive than an outside vendor. Six positions are added to support MIS.

The remaining 5 positions are added to support the Examination and Auditing unit, Complaints unit, and Compliance and Enforcement unit. Two financial examiner positions are added to the Examination and Auditing unit. MIA staff plans to reduce its reliance on outside contractors to perform financial examinations. MIA believes that this action will result in increased cost savings. Two positions are added to the Complaints unit including one investigator and one office clerk. These additional positions are needed to handle the increasing number of complaints within statutory time frames. Finally, one investigator position is added to the Compliance and Enforcement unit to respond to recently enacted legislation that would create a task force to study access to mental health services.

MIA has a budgeted turnover of 3.17%, or 9.38 positions. As of December 31, 2002, the vacancy rate was 4.64%, or 13 positions.

D80Z01 - Maryland Insurance Administration

Exhibit 3 provides a listing of the 23 new regular full-time positions for MIA.

Exhibit 3

New Positions for Fiscal 2004

<u>Full-time Positions</u>	<u>Position</u>	<u>Salary</u>
1	Staff Attorney to support Producer Licensing	\$39,766
1	Secretary to support Producer Licensing	25,286
1	Office Clerk to support Producer Licensing	23,722
3	Data Entry Specialists to support Producer Licensing	75,858
2	Customer Service Representatives to support Producer Licensing	50,572
2	Data Processing Programmer Analysts to support Producer Licensing	79,532
1	Database Specialist I to support Producer Licensing	37,253
1	Fiscal Accounts Clerk Manager to support Producer Licensing	32,715
3	Computer Network Specialists to support Mgt. Information Systems	119,298
1	Data Base Specialist to support Management Information Systems	37,255
1	Program Analyst II to support Management Information Systems	39,766
1	Project Manger to support Management Information Systems	48,405
2	Financial Examiners to support the Examination and Auditing unit	65,430
1	Investigator to support the Complaints unit	32,715
1	Office clerk to support the Complaints unit	25,286
1	Investigator to support the Compliance and Enforcement unit	32,715
23 Full-time Positions		\$765,574
Total with Benefits		\$1,041,011

Source: Maryland Insurance Administration

Issues

1. Major Information Technology Projects

MIA is in the middle of several major information technology projects. Two of the major information technology projects have a discrepancy between the appropriations listed in the fiscal 2004 Major Information Technology Development Projects section of the budget (Vol. 5) and the fiscal 2004 allowance.

Initial Producer Licensing Project: revolves around the MIA decision to bring back the Producer Licensing function that is currently managed by Assessment Systems, Inc. (contract will expire in December 2003). MIA requires a system to evaluate and approve/disapprove new applications issue and print a new license to producers and other insurance professionals. This project is in the requirements phase of the development cycle, and the request for fiscal 2004 is for positions and system support. The total cost of the project is \$2.7 million spanning from fiscal 2003 through fiscal 2008. \$2,000,000 in funds were appropriated for this project in fiscal 2003 to support development/enhancement. The fiscal 2004 Major Information Technology Development Projects section of the budget (Vol. 5) notes that \$131,601 in funds are required for operations/maintenance of this project. However, the fiscal 2004 allowance provides MIA with no special funds for this project.

Compliance and Enforcement Project: a new application on the MIA's Enterprise System. The Compliance and Enforcement project will attempt to combine the functions of licensing compliance, market conduct, and fraud, to improve efficiency and responsiveness. MIA believes that the consolidation will save development dollars that would have been spent in incorporating separate applications. The fiscal 2004 Major Information Technology Development Projects section of the budget (Vol. 5) notes that no funds are required for this project. However, the fiscal 2004 allowance provides MIA with \$880,000 in special funds for this project.

Rates and Forms Project: designed to make rates and forms information available to the entire Administration and integrate the system into Enterprise applications. Additional functionality must also be developed to meet Enterprise standards. The Rates and Forms application has not been upgraded since 1999. The fiscal 2004 Major Information Technology Development Projects section of the budget (Vol. 5) notes that \$1,000,000 in funds are required for this project. \$1,000,000 in funds are also included in the fiscal 2004 allowance for this project.

DLS recommends a net reduction of \$748,399 in special funds to bring the major information technology projects back to the levels described in Volume 5 of the 2004 budget. This consists of a reduction for the Compliance and Enforcement project of \$880,000 offset by \$131,601 for the Initial Producer Licensing project. If it is determined that MIA should need additional funding to complete the Compliance and Enforcement project of the Enterprise System and the funding is available, the agency should request a budget amendment that would increase funds to the appropriate level.

2. CareFirst Conversion

The Maryland Insurance Administration is in the process of reviewing an application by CareFirst, Inc., in which CareFirst is seeking to convert from a nonprofit, non-stock health plan to a for-profit, stock corporation to be acquired by WellPoint Health Networks Inc. The proposed acquisition by WellPoint is a two step process. The first is a conversion to for-profit by CareFirst, and the second is an acquisition of the for-profit company by WellPoint. On November 20, 2001, CareFirst submitted its proposed application to MIA to convert and be acquired. The Insurance Commissioner is required by Maryland law to review the proposal. The Commissioner may not approve the proposal unless he finds the acquisition is in the public interest.

MIA has determined that it is critical for Maryland's review of the proposed conversion to be completed by the conclusion of the 2003 legislative session. To assist in the analysis of the CareFirst application, the Commissioner has hired four outside consultants through the State procurement process. Several staff within MIA are also assisting the Commissioner with the analysis. State law mandates that the transferee must pay the reasonable cost of the expert assistance. Therefore, WellPoint is responsible for all costs incurred by all four consultants. WellPoint is also responsible for all costs incurred by MIA staff, such as mileage and meal reimbursement for CareFirst conversion related travel.

As of December 31, 2002, the MIA has received 463 letters from the public, has heard from 174 speakers at public forums, and has received 55 phone calls. Of those individuals, 667 were opposed to conversion, 15 were in favor of conversion, and 10 had no position. As of December 31, 2002, the MIA has received and reviewed approximately 85,911 pages of documents from CareFirst and WellPoint, has introduced 219 exhibits into the public record, and has issued 10 subpoenas for testimony and documents. Public information is available on the MIA website, www.mdinsurance.state.md.us, including all hearing transcripts, all deposition transcripts, and all reports and rebuttals. The record closed on February 5, 2003, and a decision is anticipated by February 20, 2003.

DLS recommends that the Maryland Insurance Administration brief the committees on the status of the CareFirst conversion.

Recommended Actions

	<u>Amount Reduction</u>
1. Reduce funds by a net of \$748,399 in special funds to bring the major information technology projects back to the levels described in Volume 5 of the 2004 budget. This consists of a reduction for the Compliance and Enforcement project of \$880,000 offset by \$131,601 for the Initial Producer Licensing project. If it is determined that MIA should need additional funding to complete the Compliance and Enforcement project of the Enterprise System and the funding is available, the agency should request a budget amendment that would increase funds to the appropriate level.	\$ 748,399 SF
Total Special Fund Reductions	\$ 748,399

Updates

1. Maryland Health Insurance Plan

Chapter 153, Acts of 2002 established the Maryland Health Insurance Plan (MHIP) for medically uninsurable individuals and the Senior Prescription Drug Program for Medicare beneficiaries whose household income is at or below 300% of the federal poverty level guidelines. The bill repeals the substantial, available, and affordable coverage (SAAC) product and the Short-Term Prescription Drug Subsidy Plan. The bill requires a nonprofit health service plan that insures 10,000 covered lives or more to maintain its corporate headquarters in the State. Special fund revenues and expenditures are estimated at \$76 million for fiscal 2004. The provisions that establish MHIP's funding mechanism took effect on July 1, 2002. The bill's other provisions take effect July 1, 2003. The fiscal 2004 allowance appropriates \$249,261 in funds to support MHIP.

The Board of the Maryland Health Insurance Plan has taken several steps to begin implementation of the program as required by Chapter 153.

- The Board of Directors of MHIP had its first organizational meeting on July 1, 2002.
- Mercer Human Resources Consulting was selected to perform actuarial services for the Board of Directors of MHIP.
- An Executive Director was hired and on the job in October 2002.
- The board initiated a Request for Proposals (RFP) process in October to select a Plan Administrator for MHIP. The closing date for proposals was December 11, 2002, and the Board received multiple proposals. The review committee is currently reviewing the proposals to recommend an Administrator or Administrators to the Board.
- Three sets of regulations have been drafted, disseminated to interested parties for comment, revised, and submitted in December 2002 for emergency adoption. The regulations establish the criteria the Board of Directors will use to select an Administrator for MHIP, set forth a list of medical conditions that will automatically qualify an individual as "medically uninsurable" and thereby eligible for coverage under MHIP, and set forth how MHIP will be operated and administered.
- Next steps for MHIP include: entering a contract with an Administrator by the middle of February 2003, establishing premium rates for the plan, publicizing the new MHIP, transferring SAAC subscribers to MHIP by July 2003, and enrolling new applicants into MHIP beginning July 1, 2003.

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland Insurance Administration (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2002					
Legislative Appropriation	\$0	\$22,059	\$0	\$0	\$22,059
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	1,665	0	0	1,665
Reversions and Cancellations	0	-1,587	0	0	-1,587
Actual Expenditures	\$0	\$22,138	\$0	\$0	\$22,138
Fiscal 2003					
Legislative Appropriation	\$0	\$21,262	\$0	\$0	\$21,262
Budget Amendments	0	785	0	0	785
Working Appropriation	\$0	\$22,047	\$0	\$0	\$22,047

Note: Numbers may not sum to total due to rounding.

D80Z01 - Maryland Insurance Administration

Fiscal 2002

Fiscal 2002 expenditures at MIA totaled \$22,137,000, which is \$78,000 more than the legislative appropriation. The \$78,000 increase occurred with a \$1,665,000 increase in budget amendments and a \$1,587,000 cancellation.

The budget amendment increase of \$1,665,000 includes an amendment to increase the special fund appropriation for MIA's Complaint Tracking System by \$1,000,000, an amendment increasing the special fund by \$336,245 to allow MIA to devote sufficient resources to the CareFirst conversion, and an amendment increasing the special fund appropriation by \$329,000 for the Agent Licensing Producer System (software upgrades).

The \$1,587,000 in cancellations includes cost containment reductions of \$605,000 and a \$981,983 year-end appropriation cancellation in closeout.

Fiscal 2003

In fiscal 2003 the legislative appropriation of \$21,262,000 was increased by \$785,000. The \$785,000 increase includes an amendment that increases the special fund appropriation by \$804,337 for the Case Tracking System-Premium Tax Audit Application. The Case Tracking System ties the administration to tracking and issuance of orders against companies and agents. The fiscal 2003 working appropriation also includes an \$18,000 decrease for a planned reversion in transit subsidy funding for State employees.

D80Z01 - Maryland Insurance Administration

Appendix 2

Object/Fund Difference Report
Maryland Insurance Administration

Object/Fund	FY02	FY03	FY04	FY03 - FY04	Percent Change
	Actual	Working Appropriation	Allowance	Amount Change	
Positions					
01 Permanent	273.00	280.00	296.00	16.00	5.7%
02 Contractual	6.80	9.70	8.60	-1.10	-11.3%
Total Positions	279.80	289.70	304.60	14.90	5.1%
Objects					
01 Salaries and Wages	\$ 14,828,632	\$ 15,629,718	\$ 17,047,469	\$ 1,417,751	9.1%
02 Technical & Spec Fees	409,034	605,644	564,362	-41,282	-6.8%
03 Communication	299,730	315,968	296,944	-19,024	-6.0%
04 Travel	417,339	445,300	474,100	28,800	6.5%
07 Motor Vehicles	53,092	68,766	60,377	-8,389	-12.2%
08 Contractual Services	4,111,935	3,485,882	2,754,377	-731,505	-21.0%
09 Supplies & Materials	176,249	141,600	160,250	18,650	13.2%
10 Equip - Replacement	430,607	25,000	469,525	444,525	1778.1%
11 Equip - Additional	108,491	0	0	0	0.0%
12 Grants,Subsidies,Contr	422,091	549,360	549,360	0	0%
13 Fixed Charges	880,474	797,529	978,870	181,341	22.7%
Total Objects	\$ 22,137,674	\$ 22,064,767	\$ 23,355,634	\$ 1,290,867	5.9%
Funds					
03 Special Fund	\$ 22,137,674	\$ 22,064,767	\$ 23,355,634	\$ 1,290,867	5.9%
Total Funds	\$ 22,137,674	\$ 22,064,767	\$ 23,355,634	\$ 1,290,867	5.9%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

Fiscal Summary						
Maryland Insurance Administration						
<u>Unit/Program</u>	<u>FY02 Actual</u>	<u>FY03 Legislative Appropriation</u>	<u>FY03 Working Appropriation</u>	<u>FY02 - FY03 % Change</u>	<u>FY04 Allowance</u>	<u>FY03 - FY04 % Change</u>
01 Administration and Operations	\$ 21,137,674	\$ 19,261,530	\$ 19,260,430	-8.9%	\$ 21,226,373	10.2%
02 Examination And Auditing	1,000,000	2,000,000	2,804,337	180.4%	1,880,000	-33.0%
03 Maryland Health Insurance Plan	0	0	0	0%	249,261	
Total Expenditures	\$ 22,137,674	\$ 21,261,530	\$ 22,064,767	-0.3%	\$ 23,355,634	5.9%
Special Fund	\$ 22,137,674	\$ 21,261,530	\$ 22,064,767	-0.3%	\$ 23,355,634	5.9%
Total Appropriations	\$ 22,137,674	\$ 21,261,530	\$ 22,064,767	-0.3%	\$ 23,355,634	5.9%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.