

D80Z01
Maryland Insurance Administration

Operating Budget Data

(\$ in Thousands)

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$69,261	\$84,658	\$88,977	\$4,319	5.1%
Federal Fund	349	0	0	0	
Total Funds	\$69,611	\$84,658	\$88,977	\$4,319	5.1%
Contingent & Back of Bill Reductions			-11,864	-11,864	
Adjusted Total	\$69,611	\$84,658	\$77,114	-\$7,545	-8.9%

- The largest change in the fiscal 2006 allowance is an \$11.75 million reduction to the Senior Prescription Drug Program (SPDP) contingent upon legislation.
- The largest increase in the fiscal 2006 allowance is \$3.265 million due to premium payments in the Health Safety Net Programs.
- The allowance also provides a \$490,000 increase for advertising MHIP services.

Personnel Data

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>
Regular Positions	294.00	296.00	293.00	-3.00
Contractual FTEs	5.10	12.10	8.00	-4.10
Total Personnel	299.10	308.10	301.00	-7.10

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	9.96	3.40%
Positions Vacant as of 12/31/04	25.00	8.45%

- The fiscal 2006 allowance abolishes 3 regular positions and 4.1 contractual positions.

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

For further information contact: Brian Baugus

Phone: (410) 946-5530

Analysis in Brief

Major Trends

Filings Handled Promptly: The Maryland Insurance Administration (MIA) reviews all insurance filings in the State. It has consistently met its turnaround goals and expects this to continue.

The Agency Settles Complaints Quickly: A key service the agency provides to the public is to investigate and settle consumer complaints. It has been performing this duty efficiently.

On-line Licensing Renewal Grows: MIA has seen an increase in the number of insurance professionals renewing their licenses on-line.

Issues

Maryland Senior Prescription Drug Program: At the end of fiscal 2005, SPDP sunsets.

Maryland Health Insurance Program: Since its inception, MHIP has had far fewer enrollees than anticipated; therefore, a significant fund balance has accumulated.

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Delete one vacant position.	\$ 88,302	1.0
2. Delete three vacant PINs.	127,870	3.0
3. Reduce funds for replacement equipment.	147,000	
4. Delete three staff attorney positions.	210,000	3.0
5. Delete one position from the Office of Communications or the Office of Government Affairs.	50,000	1.0
6. Add budget bill language to require that the Maryland Health Insurance Program report on its activities.		
Total Reductions	\$ 623,172	8.0

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, and fraud investigations; 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.

Organizationally, although not managerially, within MIA is the Health Insurance Safety Net Program which includes the Maryland Health Insurance Program (MHIP) and the Senior Prescription Drug Program (SPDP). MHIP is an independent unit of MIA, whose purpose is to provide access to affordable, comprehensive health benefits for the medically uninsurable. The program is governed by a board, which has contracted out administration of the program to Maryland Physicians for Care. The SPDP, currently administered by CareFirst, provides Medicare beneficiaries who lack prescription drug coverage with access to affordable, medically necessary prescription drugs. The SPDP was designed to be a stop-gap program until a federal program was in place.

The MIA missions are:

- to ensure that the terms and conditions of insurance contracts are reasonable and meet the requirements of Maryland law;
- to adjudicate consumer complaints in accordance with insurance law and in a prompt and fair manner;
- to protect the public from unfair trade practices and other violations of the Insurance Code;
- to enforce solvency standards to ensure that insurers have the financial ability to pay claims when due; and
- to provide affordable health insurance and prescription drug coverage for individuals with no alternative.

Performance Analysis: Managing for Results

Filings Handled Promptly

MIA reviews all insurance filings for regulatory compliance in the State. As **Exhibit 1** shows, MIA has been successful in meeting its goals in reviewing the filings within the statutorily required 60 days.

Exhibit 1
Maryland Insurance Administration
Filings Processed within 60 Days
Fiscal 2002 – 2006

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005*</u>	<u>FY 2006*</u>
Total Filings	14,772	17,095 **	13,472	13,525	13,525
# Processed within 60 Days	14,624	16,932	13,254	13,525	13,525
% Processed within 60 Days	99%	99%	98.4%	100%	100%

*Fiscal 2005 and 2006 are estimates.

**Until fiscal 2004, the measure included forms and non-forms (i.e., advertising claims, etc.); after fiscal 2004 these were broken into separate categories.

Source: Governor's Budget Books

The Agency Settles Complaints Quickly

A key service the agency provides to the public is to investigate and settle consumer complaints. Consumer complaints can range from concerns about unwarranted policy cancellations to failure to pay a claim to premium increases. The goal of the agency is to resolve 60% of consumer complaints within 90 days. **Exhibit 2** presents MIA's complaint resolution rates since fiscal 2000.

With the exception of fiscal 2003, MIA has consistently exceeded its goal of resolving 60% of complaints within 90 days. However, it is noted that the number of complaints has increased significantly since fiscal 2000. There has been a 68% increase in complaints between fiscal 2000 and 2004, and there has been some slippage in MIA's performance over that time as well.

The agency should be prepared to comment on the cause(s) for the complaint increase and address whether its goal is sufficiently aggressive given that it has easily exceeded it in every year but one.

Exhibit 2
Maryland Insurance Administration
Complaint Resolution – Property and Casualty
Fiscal 2000 – 2006

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005*</u>	<u>FY 2006*</u>
Total Complaints	9,452	10,062	11,590	14,490	15,918	15,000	15,000
% Resolved in 90 Days	86%	84%	70%	51%	75%	75%	80%

*Fiscal 2005 and 2006 are estimates.

Source: Governor's Budget Books

On-line Licensing Renewal Grows

As with many licensing agencies, MIA has seen an increase in the number of professionals renewing their licenses on-line. Since on-line renewal began in fiscal 2002, the percentage of insurance professionals renewing their licenses on-line has been approximately 50%. However, in fiscal 2005 and 2006, MIA is expecting that number to increase to 75%, which equates to approximately 22,000 more on-line renewals.

Fiscal 2005 Actions

The agency added a net of two positions in fiscal 2005. These new positions are in the complaints unit.

Governor's Proposed Budget

Exhibit 3 details the Governor's fiscal 2006 allowance. The fiscal 2006 allowance decreases by \$7.5 million (8.9%) from the fiscal 2005 working appropriation. However, this figure includes an assumed \$11.75 million transfer from the SPDP at the end of calendar 2005 contingent upon legislation. Adjusting for this transfer, the fiscal 2006 allowance increases by \$4.2 million (5.0%). Excluding the SPDP and MHIP programs, the operating costs of MIA increase about 1.9% in the allowance.

Exhibit 3
Governor's Proposed Budget
Maryland Insurance Administration
(\$ in Thousands)

How Much It Grows:	<u>Special</u> <u>Fund</u>	<u>Total</u>
2005 Working Appropriation	\$84,658	\$84,658
2006 Governor's Allowance	88,977	88,977
Contingent & Back of Bill Reductions	<u>-11,864</u>	<u>-11,864</u>
Adjusted Allowance	\$77,114	\$77,114
Amount Change	-\$7,545	-\$7,545
Percent Change	-8.9%	-8.9%

Where It Goes:

Personnel Expenses

Increase due to increments and reclassifications	\$411
Fiscal 2005 cost-of-living adjustment – funds are not reflected in the working appropriation.....	210
Retirement charges	152
Worker's compensation.....	150
Turnover and other adjustments	-155
Three abolished positions	-136
Employee and retiree health insurance	-86
Other fringe benefit adjustments (accrued leave payout and other)	75

Administration and Operations

Decrease in programming and implementation costs of workflow management system installed in fiscal 2005	-180
Decrease in computer equipment. This represents the net effect of an increase for replacement equipment in fiscal 2006 and a decrease due to the completion of the purchase of printers and switches in fiscal 2005	-21

Examination and Auditing

Decrease in payments to contractual auditors due to reliance on outside vendors	-106
---	------

Life and Health

Decrease in payments to part-time assistance due to a change in the complaints process that has lessened the administrative work.....	-102
---	------

D80Z01 – Maryland Insurance Administration

Where It Goes:

Appeals and Grievances

Decrease in grants given to the Attorney General's office to offset costs incurred by the Attorney General for investigating consumer complaints -61

Compliance and Enforcement

Reduction in travel expenses for on-site audits -94

Professional and Consumer Services

Increase for specialized licensing mailers 46

Maryland Health Safety Net Program

Projected increase in MHIP and SPDP utilization..... 3,265

Advertising costs to promote MHIP 490

Technical support for newly installed eligibility in-house verification program for MHIP 40

Sunset of SPDP in January 2006 and transfer of revenues to the Department of Health and Mental Hygiene (DHMH)..... -11,750

Miscellaneous Changes

Payments to the Office of Administrative Hearings 116

Increase in telephone and telecommunications expenses 53

Rent..... 42

Travel for training, exams and conferences..... 40

Other increases in operating expenditures 56

Total **-\$7,545**

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

Contingent Reductions

The fiscal 2006 allowance reflects the elimination of \$113,664, the appropriation for matching the employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

The fiscal 2006 allowance also assumes an \$11.75 million fund transfer from the SPDP to the Maryland Pharmacy Assistance Plan (MPAP). This is discussed in more detail in Issue 1.

Personnel

The fiscal 2006 allowance abolishes three regular positions. **Exhibit 4** presents the details for these positions.

Exhibit 4
Maryland Insurance Administration
Abolished Positions in Fiscal 2006

<u>Program</u>	<u>Position</u>	<u>Salary</u>
Administration and Operations	Administrative Assistant	\$44,777
Administration and Operations	Insurance Examiner	49,777
Administration and Operations	Management Associate	49,777

Source: Maryland Insurance Commission

The agency reports that these abolitions are vacant positions and will have minimal impact on the agency's ability to fulfill its mission.

Maryland Health Safety Net Program

Utilization of MHIP and SPDP, through third party administrators (Maryland Physicians Care for MHIP and CareFirst for SPDP) is expected to increase costs by a net \$3.3 million in fiscal 2006. MHIP costs are expected to decline over fiscal 2005 by \$504,000 but could reflect overly optimistic utilization estimates for that year. Due to anticipated changes in the program's participation rate, SPDP costs are expected to increase by \$3.8 million.

MIA should be prepared to brief the committees on why it expects premium revenues for MHIP to decline when program participation is expected to grow in fiscal 2006.

Issues

1. Maryland Senior Prescription Drug Program

The SPDP provides Medicare beneficiaries who lack prescription drug coverage with access to affordable, medically necessary prescription drugs. The program is primarily funded with the value of the premium tax exemption for nonprofit health plans. There are six nonprofit insurers in Maryland, as listed in **Exhibit 5**.

Exhibit 5 Nonprofit Health Insurers in Maryland

CareFirst (Blue Cross/Blue Shield)
Group Hospitalization and Medical Services
Mid Atlantic Vision
Graphic Arts
PA Dental Service Corporation
Dental-Check of Maryland

Source: Maryland Insurance Administration

Statute requires that the program be administered by a nonprofit health service plan that issues comprehensive health care benefits in Maryland. The administrator of SPDP is CareFirst. From its inception, SPDP was designed to be a stop-gap program until a federal Medicare drug benefit became available. SPDP provides an annual subsidy of up to \$1,100 to seniors with incomes below 300% of the poverty level who pay a monthly premium. Approximately 35,000 people are currently participating.

On June 30, 2005, the program sunsets, but the Governor has included a provision in budget reconciliation legislation (House Bill 148/Senate Bill 127) extending the program an additional six months and setting the new sunset date at December 31, 2005. Nonetheless, the allowance contains funding for the entire year but reduces the amount by \$11.75 million contingent upon legislation.

On January 1, 2006, the new federal prescription benefit program begins, and the intent is for the current State beneficiaries to enroll in the federal program. However, the 2% premium tax exemption is still in effect, and the reconciliation legislation includes a provision that would allow the nonprofit health insurers savings from the premium tax exemption to be used for the MPAP, effective January 1, 2006. **MIA should comment on reports that the Governor may be extending SPDP in current or modified form beyond January 2006 to assist Medicare beneficiaries with the new drug benefit's cost sharing requirements.**

2. Maryland Health Insurance Program

The MHIP was established (Chapter 153, Acts of 2002) to provide health insurance coverage to the medically uninsurable. It replaced the Substantial, Available, and Affordable Coverage (SAAC) program. MHIP offers standard benefits packages as shown in **Exhibit 6**.

Exhibit 6
MHIP Standard Plans

Type of Plan		Basic Features	Description
Exclusive Provider	Individual	No medical deductible, \$250 pharmacy deductible, no out-of-pocket cap	Services provided by MHIP's network providers are paid in full; patient responsible for fixed co-pays; referral from your primary care doctor is required to seek specialty or other services. The plan only pays for emergency out-of-plan services.
	Family	No medical deductible, \$500 pharmacy deductible, no out-of-pocket cap	
Preferred Provider 1	Individual	\$500 medical deductible, \$100 pharmacy deductible, \$4,000 out-of-pocket cap	After satisfying deductible, PPO provides 80% coinsurance for in-plan providers or 60% for out-of-plan providers. Patient is responsible for coinsurance but cap on out-of-pocket costs includes the annual deductible.
	Family	\$1,000 medical deductible, \$100 per family member pharmacy deductible, \$8,000 out-of-pocket cap	
Preferred Provider 2	Individual	\$1,000 medical deductible, \$250 pharmacy deductible, \$4,500 out-of-pocket cap	After satisfying deductible, PPO provides 80% coinsurance for in-plan providers or 60% for out-of-plan providers. Patient is responsible for coinsurance but cap on out-of-pocket costs includes the annual deductible.
	Family	\$2,000 medical deductible, \$500 pharmacy deductible, \$9,000 out-of-pocket cap	
High Deductible Health Plan	Individual	\$1,200 medical deductible and pharmacy deductible, \$4,500 out-of-pocket cap	Patient responsible for all plan costs up to the deductible amount, plan then provides 80% coinsurance for in-plan services and 60% for out-of-plan services. Prescriptions are covered after the combined deductible is met, with co-pays of \$15 for generic, \$20 for preferred brand, and \$35 for non-preferred drugs. May be federal tax benefits with plan.
	Family	\$2,400 medical deductible and pharmacy deductible, \$9,000 out-of-pocket cap	

PPO = Preferred Provider Organizations

Source: Maryland Health Insurance Program

D80Z01 – Maryland Insurance Administration

Depending on the subscriber’s age, family situation, and plan choice, monthly premiums for these plans can range from \$141 (if the patient is an individual under 30 years old and chooses the high deductible plan) to \$1,323 (if a family is headed by someone over 65 years old and chooses the exclusive provider plan). A full premium schedule is provided in **Appendix 6**.

In its brief history, the plan has been undersubscribed and has already accumulated a significant fund balance. The program is financed through an assessment on hospital net patient revenues. The fund balance for fiscal 2004 – the last year accurate data is available – was \$30.4 million. **Exhibit 7** demonstrates that given current revenue and expenditure projections, the balance could exceed \$80 million by the close of fiscal 2006. In an effort to increase participation and spending, the MHIP board recently approved an across-the-board reduction in the premium rate schedule and a change in the premium rate schedule that links premiums to participant income. MHIP staff estimate that the changes, which are not accounted for in the allowance, will increase fiscal 2006 spending by \$23 million. The MHIP board has also indicated support for utilizing \$15 million of the fund balance to finance to new eligibility determination system for the State’s Medicaid program. DLS notes that an alternative approach to spending down the fund balance would be to temporarily reduce the hospital assessment that supports the program. A reduction in the assessment could result in a small reduction in hospital charges for patients. **MHIP staff should comment on the specific plans for reducing the fund balance and the possibility of a temporary reduction in the hospital assessment.**

Exhibit 7
Cash Flow Activity for MHIP Fund
Fiscal 2004 – 2006*
(\$ in Millions)

	<u>Revenues/ Expenditures</u>	<u>Fund Balance</u>
Fund Balance 6/30/04		\$30.4
Net Fiscal 2005 Activity		
Revenues	\$65.1	
Appropriation	-39.4	
Net Increase in Fiscal 2005		25.7
Net Fiscal 2006 Activity		
Revenues	65.1	
Allowance	-39.4	
Net Increase in Fiscal 2006		25.7
Net Fund Balance 6/30/06		\$81.8

* Fiscal 2005 and 2006 are estimates

Source: Governor’s Budget Books

D80Z01 – Maryland Insurance Administration

Data on MHIP activities are presented in **Exhibit 8**. While increased activity is forecast for fiscal 2006, no concomitant increase in spending is assumed in the allowance. Exhibit 8 also shows that the overwhelming majority of the participants is single and use one of the Preferred Provider Organizations (PPO) plans. **MHIP should brief the committees on what it expects the participation rate to be for the various plans for fiscal 2006.**

Exhibit 8
MFR Measures for MHIP
Fiscal 2004 – 2006

<u>Measure</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>% Increase</u>
Applications Received	1,471	6,600	8,600	30.3%
Claims Received		140,000	200,000	42.9%
Calls Answered		57,000	68,000	19.3%
Participants*	4,509	4,553		
Exclusive Provider	831	766	N/A	
High Deductible Health Plan		37	N/A	
PPO	3,678	3,750**	N/A	
Families	488	508	N/A	
Single	4,021	4,045	N/A	

*Fiscal 2005 information is only through October 2004.

**Includes two PPO programs.

Source: Governor's Budget Books; Maryland Health Insurance Program

The enabling legislation for MHIP (Chapter 153, Acts of 2002) makes the MHIP fund a special non-lapsing fund exempt from having to revert any of its balance to the general fund. Therefore, it is essential that the uses of the MHIP fund be well documented each year for legislative review.

Recommended Actions

	<u>Amount Reduction</u>		<u>Position Reduction</u>
1. Delete PIN 032841. This position is a vacant position in the Office of Communications.	\$ 88,302	SF	1.0
2. Delete three PINs that have been vacant for more than seven months: two from the examination and audit unit and one from professional and consumer services.	127,870	SF	3.0
3. Reduce funds for replacement equipment. The fiscal 2006 allowance decreases slightly from fiscal 2005 but increases by 252% over fiscal 2004 actual expenditures. This reduction still allows a 40% increase over fiscal 2004.	147,000	SF	
4. Delete 3 staff attorney positions. The agency has 12 attorneys general and 3 staff attorneys. This is more than enough legal expertise for a department of 280 employees.	210,000	SF	3.0
5. Delete one position from the Office of Communications or the Office of Government Affairs. These units have a combined five staff members; these two functions can be administratively combined and operate with fewer staff.	50,000	SF	1.0
6. Add the following language:			

Provided that the Maryland Health Insurance Program (MHIP) report on the number of subscribers in the program for fiscal 2004, 2005, and 2006 estimates. Further, this report should include how many subscribers there are under each plan and summarize the demographics of subscribers, such as family size, age, and geographical location, as well as provide a detailed sources and uses statement for the MHIP fund.

D80Z01 – Maryland Insurance Administration

Explanation: The Maryland Health Insurance Program (MHIP) has not provided any data reflecting the usage of the health insurance program. This is vital information to determine the effectiveness of the program and assessing any necessary changes. It is recommended that MHIP include this information in its annual Managing for Results report.

Information Request	Authors	Due Date	
Statistics on MHIP usage	MHIP/MIA	July 1, 2005	
Total Special Fund Reductions		\$ 623,172	8.0

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 2004					
Legislative Appropriation	\$0	\$22,483	\$0	\$0	\$22,483
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	79,421	349	0	79,770
Cost Containment	0	0	0	0	0
Reversions and Cancellations	0	-32,643	0	0	-32,643
Actual Expenditures	\$0	\$69,261	\$349	\$0	\$69,611
Fiscal 2005					
Legislative Appropriation	\$0	\$84,658	\$0	\$0	\$84,658
Budget Amendments	0	0	0	0	0
Working Appropriation	\$0	\$84,658	\$0	\$0	\$84,658

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

In fiscal 2004, the \$79.4 million special fund budget amendment and the \$32.0 million reversion are due to the MHIP program.

Audit Findings

Audit Period for Last Audit:	March 8, 1999 - June 30, 2001
Issue Date:	January 2002
Number of Findings:	12
Number of Repeat Findings:	3
% of Repeat Findings:	25%
Rating: (if applicable)	

- Finding 1:** The administration made payments totaling approximately \$3.4 million to its information technology contractor, applicable to job classifications that were not authorized in the related agreement.
- Finding 2:** Insurance company assessments totaling approximately \$21.8 million did not appear to be calculated in accordance with State law, which could have resulted in overcharges of as much as \$4.4 million.
- Finding 3:** The administration may have inappropriately credited insurance agent and broker licensing renewal fees, totaling approximately \$1 million to the Insurance Regulation Fund instead of the State’s general fund.
- Finding 4:** The Insurance Regulation and Health Care Regulatory Funds were not credited with investment earnings, which totaled approximately \$500,000 for fiscal 2001, as provided by State law.
- Finding 5:** **The administration lacked effective procedures to ensure that it received all funds to which it was entitled from its licensing contractor. The administration had not audited the contractor as permitted by the contract.**
- Finding 6:** Controls were insufficient to ensure the propriety of the production programs and data files.
- Finding 7:** Numerous control deficiencies existed regarding the setup and maintenance of the administration’s networked servers and firewall.
- Finding 8:** Back-up tapes of critical production data and program files were not kept at an offsite location.
- Finding 9:** The administration did not sufficiently pursue collection of unpaid premium taxes due from insurance companies.

D80Z01 – Maryland Insurance Administration

Finding 10: Records of premium tax revenues were not reconciled with the State’s accounting records in a timely manner.

Finding 11: The administration had not established the Maryland Group Health Insurance Plan as required by State law.

Finding 12: Equipment records were not adequately maintained, and the administration did not investigate all missing items noted during its physical inventories.

*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report
Maryland Insurance Administration**

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	294.00	296.00	293.00	-3.00	-1.0%
02 Contractual	5.10	12.10	8.00	-4.10	-33.9%
Total Positions	299.10	308.10	301.00	-7.10	-2.3%
Objects					
01 Salaries and Wages	\$ 16,781,989	\$ 17,681,247	\$ 18,416,369	\$ 735,122	4.2%
02 Technical & Spec Fees	339,639	752,796	540,115	-212,681	-28.3%
03 Communication	490,702	297,710	350,271	52,561	17.7%
04 Travel	393,988	481,600	413,800	-67,800	-14.1%
07 Motor Vehicles	55,649	60,678	79,330	18,652	30.7%
08 Contractual Services	49,071,553	63,409,360	67,250,254	3,840,894	6.1%
09 Supplies & Materials	365,208	255,211	237,967	-17,244	-6.8%
10 Equip - Replacement	70,955	260,561	247,342	-13,219	-5.1%
11 Equip - Additional	796,327	80,516	80,183	-333	-0.4%
12 Grants, Subsidies, and Contributions	386,041	489,360	428,765	-60,595	-12.4%
13 Fixed Charges	858,487	889,143	932,822	43,679	4.9%
Total Objects	\$ 69,610,538	\$ 84,658,182	\$ 88,977,218	\$ 4,319,036	5.1%
Funds					
03 Special Fund	\$ 69,261,057	\$ 84,658,182	\$ 88,977,218	\$ 4,319,036	5.1%
05 Federal Fund	349,481	0	0	0	0.0%
Total Funds	\$ 69,610,538	\$ 84,658,182	\$ 88,977,218	\$ 4,319,036	5.1%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal Summary
Maryland Insurance Administration**

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
01 Administration and Operations	\$ 22,581,709	\$ 21,759,049	\$ 22,290,483	\$ 531,434	2.4%
02 Examination and Auditing	242,398	0	0	0	0%
01 Maryland Health Insurance Program	26,329,644	39,399,133	39,422,006	22,873	0.1%
02 Senior Prescription Drug Program	20,456,787	23,500,000	27,264,729	3,764,729	16.0%
Total Expenditures	\$ 69,610,538	\$ 84,658,182	\$ 88,977,218	\$ 4,319,036	5.1%
Special Fund	\$ 69,261,057	\$ 84,658,182	\$ 88,977,218	\$ 4,319,036	5.1%
Federal Fund	349,481	0	0	0	0.0%
Total Appropriations	\$ 69,610,538	\$ 84,658,182	\$ 88,977,218	\$ 4,319,036	5.1%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

Fiscal 2006 Cost Containment Actions
As Submitted by the Agency
Estimated Fiscal 2006 Savings
Compared to Fiscal 2005

<u>Cost Saving Action/Efficiency Measure</u>	<u>Program Code</u>	<u>Total Funds</u>	<u>General Funds</u>	<u>Special Funds</u>	<u>Positions Reduced</u>	<u>Impact of Action</u>
The administration determined that the allowance would be reduced by three positions because duties would no longer be needed.	D80 Z0101	\$44,777		\$44,777	1	Minimal impact – duties were reassigned to existing staff.
The administration determined that the allowance would be reduced by three positions because duties would no longer be needed.		49,777		49,777	1	Minimal impact – duties were reassigned to existing staff.
The administration determined that the allowance would be reduced by three positions because duties would no longer be needed.		49,777		49,777	1	Minimal impact – duties were reassigned to existing staff.
Total		\$144,331		\$144,331	3	

Source: Maryland Insurance Administration

Maryland Health Insurance Plan

Subscriber Rates

Effective December 1, 2004

	<u>Single Subscriber</u>	<u>Subscriber & Children</u>	<u>Subscriber & Spouse</u>	<u>Subscriber & Family</u>
EPO Network				
Monthly Premium Rates				
Under 30	\$235.00	\$353.00	\$470.00	\$529.00
30 to 34	279.00	419.00	558.00	628.00
35 to 39	323.00	485.00	646.00	727.00
40 to 44	367.00	551.00	734.00	826.00
45 to 49	411.00	617.00	822.00	925.00
50 to 54	455.00	683.00	910.00	1,024.00
55 to 59	499.00	749.00	998.00	1,123.00
60 to 64	544.00	816.00	1,088.00	1,224.00
65 and over	588.00	882.00	1,176.00	1,323.00
\$500 PPO				
Monthly Premium Rates				
Under 30	\$163.00	\$245.00	\$326.00	\$367.00
30 to 34	194.00	291.00	388.00	437.00
35 to 39	224.00	336.00	448.00	504.00
40 to 44	255.00	383.00	510.00	574.00
45 to 49	286.00	429.00	572.00	644.00
50 to 54	316.00	474.00	632.00	711.00
55 to 59	347.00	521.00	694.00	781.00
60 to 64	377.00	566.00	754.00	848.00
65 and over	408.00	612.00	816.00	918.00
\$1,000 PPO				
Monthly Premium Rates				
Under 30	\$141.00	\$212.00	\$282.00	\$317.00
30 to 34	168.00	252.00	336.00	378.00
35 to 39	194.00	291.00	388.00	437.00
40 to 44	221.00	332.00	442.00	497.00
45 to 49	247.00	371.00	494.00	556.00
50 to 54	273.00	410.00	546.00	614.00
55 to 59	300.00	450.00	600.00	675.00
60 to 64	326.00	489.00	652.00	734.00
65 and over	353.00	530.00	706.00	794.00
HDP PPO				
Monthly Premium Rates				
Under 30	\$141.00	\$212.00	\$282.00	\$317.00
30 to 34	168.00	252.00	336.00	378.00
35 to 39	194.00	291.00	388.00	437.00
40 to 44	221.00	332.00	442.00	497.00
45 to 49	247.00	371.00	494.00	556.00
50 to 54	273.00	410.00	546.00	614.00
55 to 59	300.00	450.00	600.00	675.00
60 to 64	326.00	489.00	652.00	734.00
65 and over	353.00	530.00	706.00	794.00