

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Revised

House Bill 71

(Chair, Health and Government Operations Committee, *et al.*) (By Request - Departmental - Health Insurance Plan)

Health and Government Operations

Finance

Senior Prescription Drug Assistance Program - Training for Insurance Producers

This departmental bill requires an insurance producer who markets the Senior Prescription Drug Assistance Program (SPDAP) or assists a Medicare beneficiary to enroll in SPDAP to receive continuing education that directly relates to SPDAP. The bill authorizes the Board of Directors of the Maryland Health Insurance Plan (MHIP) to adopt regulations that require the training.

Fiscal Summary

State Effect: The bill's requirements can be handled with existing government resources.

Local Effect: None.

Small Business Effect: MHIP has determined that the bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: SPDAP, overseen by MHIP, provides Medicare Part D premium and coverage gap assistance to moderate-income Maryland residents who are eligible for Medicare and are enrolled in a Medicare Part D prescription drug plan.

An insurance producer is a person that, for compensation, sells, solicits, or negotiates insurance contracts, including contracts for nonprofit health service plans, dental plan

organizations, and health maintenance organizations, or the renewal or continuance of these insurance contracts.

An insurance producer must be licensed by the Maryland Insurance Administration (MIA) and have an appointment from an insurer before acting on behalf of the insurer. As a condition of licensure, a producer must complete certain requirements, including training requirements, and pass an exam prior to licensure. Producers must also complete annual ongoing training requirements.

Background: According to MHIP, SPDAP has experienced problems with insurance producers who market SPDAP to Medicare beneficiaries and assist them in enrolling in the program. These problems include the following actions by insurance producers:

- submitting applications that are incomplete or do not include required supporting documentation;
- submitting applications without the knowledge or consent of the applicant;
- making unsolicited contact with Medicare beneficiaries to market Medicare Part D products in violation of regulations adopted by CMS;
- providing inaccurate and misleading information about prescription drug plans to Medicare beneficiaries; and
- enrolling Medicare beneficiaries in SPDAP to take advantage of the special enrollment period that allows SPDAP members to change prescription drug plans outside of the open enrollment period, and then enrolling the beneficiaries in a new prescription drug plan that is inappropriate for the beneficiary but generates a commission for the producer.

MHIP advises that only a small portion of producers licensed by MIA also market SPDAP. While exact numbers are not available, MHIP expects to train between 200 and 500 SPDAP producers under the bill that will count toward ongoing training requirements currently in place for all insurance producers licensed by MIA. According to MHIP, training can be handled with existing resources, and MHIP does not plan to charge a fee.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Health Insurance Plan, Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2010
ncs/mwc Revised - House Third Reader - March 26, 2010

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Senior Prescription Drug Assistance Program – Appointment of Insurance Producers

BILL NUMBER: HB 71

PREPARED BY: Maryland Health Insurance Plan

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.