

Department of Legislative Services
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FISCAL AND POLICY NOTE
Revised

Senate Bill 850
Finance

(Senator Middleton)

Health and Government Operations

Licensed Insurance Producers - Information on State Health Programs

This bill authorizes licensed insurance producers, in accordance with regulations adopted by the Insurance Commissioner, to provide small employers with information about the Maryland Medical Assistance Program (Medicaid) and the Maryland Children's Health Program (MCHP) for the small employer to distribute to its employees during the enrollment period.

The information provided must be general information only, including income eligibility thresholds and application instructions.

Fiscal Summary

State Effect: To the extent that the bill results in increased applications for Medicaid and MCHP, general and federal fund expenditures for the Department of Health and Mental Hygiene (DHMH) and the Department of Human Resources (DHR) could increase by a potentially significant amount beginning in FY 2012. The Maryland Insurance Administration can adopt the required regulations using existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: An insurance producer is a person who, for compensation, sells, solicits, or negotiates insurance contracts or the renewal or continuance of these insurance contracts. An insurance producer must be licensed by the Maryland Insurance Administration and have an appointment from an insurer before acting on behalf of the insurer.

Background: Medicaid provides health care coverage to children, pregnant women, elderly or disabled individuals, and indigent parents who pass certain income and asset tests. Eligibility for MCHP currently extends to individuals younger than age 19 with family incomes up to 300% of the federal poverty guidelines (FPG). Children in families with incomes above 200% but at or below 300% FPG are enrolled in the MCHP Premium Plan. Individuals who have been eligible for employer-sponsored health insurance in the previous six months are ineligible for MCHP. Children and pregnant women who have not been legal immigrants for at least five years are ineligible for federal Medicaid and MCHP benefits. The State currently provides Medicaid benefits to legal immigrant pregnant women and children who have been in the country for less than five years using general funds only. Emergency services are provided to all financially eligible individuals regardless of immigration status.

DHMH is responsible for administering and overseeing Medicaid and determines the eligibility rules. DHR is responsible for management of the Client Automated Resource and Eligibility System, the computer system for all eligibility information, and the initial determination and annual redetermination of eligibility for most Medicaid programs through the local departments of social services.

The Comprehensive Standard Health Benefit Plan (CSHBP) is the standard health benefit package that carriers must sell to small businesses (2 to 50 employees) in the small group market. Carriers must offer CSHBP to all small businesses but may sell additional benefits or enhancements through riders. In 2009, the most recent data available, 47,661 employer groups (an estimated 37.6% of Maryland small businesses) purchased CSHBP, covering a total of 381,517 lives.

Current federal and State Medicaid regulations strictly regulate the marketing requirements for managed care programs serving Medicaid enrollees. Federal rules prohibit direct marketing to Medicaid enrollees.

State Fiscal Effect: To the extent the bill results in increased applications for Medicaid and MCHP, DHMH and DHR expenditures could increase significantly. Any actual increase cannot be reliably estimated at this time and would depend on the number of applicants and the number of applicants determined eligible for these programs.

Additional Information

Prior Introductions: A related bill, SB 933 of 2007, received an unfavorable report from the Senate Finance Committee. Its cross file, HB 1279, was heard by the House Health and Government Operations Committee but was later withdrawn.

Cross File: HB 1178 (Delegate Tarrant, *et al.*) - Health and Government Operations.

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 - March 14, 2011
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