

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 227

(Chair, Finance Committee)(By Request - Departmental -
Health and Mental Hygiene)

Finance

Health and Government Operations

**Maryland Health Care Commission - Assessment of Fees and Maryland Trauma
Physician Services Fund - Revisions**

This departmental bill makes three technical changes relating to the Maryland Health Care Commission (MHCC). The bill (1) repeals the requirement that the Insurance Commissioner, by May 30 of each year, notify MHCC of the total premiums earned in the State for health benefit plans sold by health insurers, nonprofit health service plans, and health maintenance organizations (payors); (2) alters the basis on which MHCC user fees are assessed from premiums *earned* to premiums *written*; and (3) repeals the limitation that expenditures from the Maryland Trauma Physician Services Fund not exceed fund revenues *in that fiscal year*.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: None. The changes are primarily technical and allow acceleration of claims payments with fund balance.

Local Effect: None.

Small Business Effect: The Department of Health and Mental Hygiene (DHMH) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law/Background: MHCC is an independent commission within DHMH with the purpose of improving access to affordable health care; reporting information relevant to the availability, cost, and quality of health care statewide; and developing benefits for the small group health insurance market. MHCC is special funded from user fees assessed on health care payors, hospitals, nursing homes, and practitioners. MHCC must allocate the total amount of the user fees assessed on payors proportionately based on each payor's percentage of total premiums earned in the State for health benefit plans.

The Insurance Commissioner is required to annually submit information to MHCC on total premiums earned by payors. According to MHCC, the commission currently receives this information directly from payors; therefore, notification from the Insurance Commissioner is not necessary. Furthermore, while the Maryland Insurance Administration collects data on the total amount of premiums *written*, MHCC collects data on premiums *earned*. Altering the basis on which MHCC's user fee is calculated to premiums *written* is intended to streamline reporting requirements for payors.

The Maryland Trauma Physician Services Fund was established in 2003 to subsidize uncompensated and undercompensated care incurred by trauma physicians, costs incurred by a trauma center to maintain trauma physicians on-call, and the costs to administer and audit reimbursement requests to assure appropriate payments are made from the fund. The fund is financed by a \$5 surcharge (paid biennially) on all Maryland vehicle registrations. Expenditures from the fund for costs incurred in any fiscal year may not exceed revenues of the fund *in that fiscal year*. The Governor's proposed fiscal 2013 budget includes \$12 million in expenditures from the fund, which has a \$3.5 million fund balance.

MHCC recently streamlined the process for paying claims from the fund, which has resulted in more efficient payment to providers. The FMIS payment system completes fiscal year close out in June, after which no additional payments can be processed through the system. However, final revenue information for the fund is not available from the Motor Vehicle Administration (MVA) until July. This discrepancy in timing prevents MHCC from paying out remaining claims from the fund prior to close out. According to MHCC, removing the restriction on expenditures matching revenues *in that fiscal year* is intended to enable MHCC to temporarily borrow reserves from the fund in order to finalize payments from the fund prior to close out and ensure timely payments to trauma centers and physicians. Surplus revenues will then be transferred back into the fund once the final revenue transfers have been made by MVA.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 13, 2012

ncs/mwc

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Health Care Commission – Assessment of Fees and
Maryland Trauma Physician Services Fund – Revisions

BILL NUMBER: SB 227

PREPARED BY: Department of Health and Mental Hygiene

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 Commission is submitting three small technical changes to Health General Article in an effort order to coordinate its reporting requirements for Maryland's Insurance Companies and expand our authority to utilize surplus funds from the Maryland Trauma Physicians Services Fund.