

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 49

(Chair, Health and Government Operations
Committee)(By Request - Departmental - Maryland
Insurance Administration)

Health and Government Operations

Recoupment of the Health Insurance Provider Fee - Calculation

This emergency departmental bill clarifies that the 2.75% health insurance provider fee assessment applies only to premiums for products that (1) are subject to the health insurer fee under the federal Patient Protection and Affordable Care Act (ACA) and (2) may be subject to assessment by the State. The bill also specifies that calculation of the assessment must be made without regard to the threshold limits or partial exclusion of net premiums provided for in the ACA.

Fiscal Summary

State Effect: None. The bill is technical and codifies existing procedure.

Local Effect: None.

Small Business Effect: The Maryland Insurance Administration (MIA) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law:

Health Insurance Provider Fee Assessment

Chapters 37 and 38 of 2018 established a health insurance provider fee assessment on specified entities for calendar 2019 only. In addition to other amounts due, an insurer, a

nonprofit health service plan, a health maintenance organization, a dental plan organization, a fraternal benefit organization, any other person subject to State regulation that provides a product that is subject to a specified federal fee, and a Medicaid managed care organization is subject to an assessment of 2.75% on all amounts used to calculate the entity's premium tax liability or the amount of the entity's premium tax exemption value for calendar 2018.

The assessment is to be distributed to the Maryland Health Benefit Exchange (MHBE) Fund. The purpose of the assessment is to recoup the aggregate amount of the health insurance provider fee that otherwise would have been assessed under the ACA that is attributable to State health risk for calendar 2019 as a bridge to stability in the individual market. The MHBE Fund may be used only for the operation and administration of the Exchange and for the establishment and operation of the State Reinsurance Program.

Federal Health Insurance Provider Fee

Section 9010 of the ACA imposes a fee on each covered entity engaged in the business of providing health insurance for U.S. health risks. Fees are based on insurance premiums, and the amount of the fee is roughly proportional to an entity's market share. Calculation of the fee includes specified threshold limits and partial exclusions of net premiums. The fee was designed to help fund the federal and state health benefit exchanges. There was a moratorium on the fee for calendar 2017, and a moratorium is in place for calendar 2019. In the absence of federal action, the fee will be assessed again beginning in calendar 2020.

Background: MIA advises that the bill is intended to clarify the applicability and calculation of the assessment in response to questions raised by stakeholders. Specifically, the bill clarifies that the State health insurance provider fee does not provide for the same exclusions and modifications permitted for the federal fee. The bill is consistent with MIA's current implementation of the assessment.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2019
sb/ljm

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Insurance – State Health Insurance Provider Fee Assessment –
Technical Correction

BILL NUMBER: HB 49

PREPARED BY: Catherine Grason

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

This bill does not impact small businesses.