the collapse of Medical Mutual, a company originally established because there were no commercial carriers in the State. This would mean that Maryland physicians would have no insurance options available to them. This is unacceptable from a public policy standpoint.

Other Insurance Issues

House Bill 2 arbitrarily limits producers' incomes by capping the amount of commission that can be paid to producers of medical professional liability insurance. It further requires Medical Mutual to become a direct writer with the commission, less 1% for overhead, to be credited to the doctors' premiums which essentially cuts producers out all together and will increase the costs of operating the company in excess of the 1% authorized to cover these costs.

One aspect of the limitation on commissions that is particularly troubling is that there was no public notice of this issue. This provision was first seen when the bill was distributed to the House members on Monday evening, December 27 after 6 p.m. By the early hours of Thursday morning it had passed the General Assembly. It is of great concern that this provision could become law without the ability of any of the individuals who may be affected by it to be heard until after the fact, particularly those whose livelihoods would be impacted.

HMO Tax

As I stated above, the one issue on which we did not agree was how to fund the Rate Stabilization Fund and the increases to the Medicaid program. I was willing to explore a variety of alternatives. We discussed these alternatives over the course of the negotiations, during the extraordinary session, and even presented them to the conference committee. The over attainment from the Delaware Holding Company law, which has brought in around $150 million in one–time funds to the State general fund, $142 million more than anticipated, seemed to me to be an appropriate use of these one–time funds for this short–term fix. The Cigarette Restitution Fund was also considered and was offered as an amendment to the bill in the Senate. The use of these funds to ensure access to health care seemed particularly appropriate. The possibility of imposing a surcharge on drunk drivers and other motor vehicle offenses was discussed, as was the diversion of some of the corporate tax money from the Transportation Trust Fund.

Because of the affordability of Health Maintenance Organizations (HMOs), they are the most attractive plans to many working class and middle class families. HMO plans are among the most affordable type of private health coverage available in the State. For this reason the one area that I was adamant could not be considered as a funding source was a tax on health care plans. This of course is the tax that is included in the bill. This tax will be passed on by HMOs through higher premiums and will be paid by both businesses and the people of the State. The largest HMOs in the State have already indicated their intention to increase premiums because of this tax. It has been estimated that this tax will cost the average family approximately $200 annually. This of course is in addition to increases in premiums due to rising health care costs. The Fiscal and Policy Note to House Bill 2 estimates that HMO premiums will increase by 12.4% annually. In a time when providing health care to all