
By: **Delegate Redmer**

Introduced and read first time: February 11, 2000

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Substantial, Available, and Affordable Coverage**
3 **Products**

4 FOR the purpose of requiring the Maryland Insurance Commissioner to notify the
5 State Health Services Cost Review Commission of certain health insurance
6 carriers that apply for approval of a substantial, available, and affordable
7 coverage (SAAC) product, or have a SAAC product that has been approved,
8 under certain provisions of law; specifying procedures for applying for approval
9 of a SAAC product; specifying the requirements a SAAC product must meet to
10 qualify for approval; requiring the State Health Services Cost Review
11 Commission to grant a certain differential to a carrier that has an approved
12 SAAC product; specifying the circumstances under which a carrier must submit
13 a corrective plan to the Commission; authorizing a corrective plan to provide for
14 certain actions; requiring a carrier to pay a certain amount to the Commission
15 or the Commission's designee if the carrier stops offering a SAAC product;
16 requiring a carrier that sends a letter of declination to an applicant for medically
17 underwritten health insurance in the nongroup market to send the applicant
18 certain information about the availability of SAAC products in the nongroup
19 market; authorizing the Commissioner and the Commission to adopt certain
20 regulations; providing for the application of certain provisions of this Act;
21 defining certain terms; providing for a delayed effective date; and generally
22 relating to substantial, available, and affordable coverage products in the
23 nongroup health insurance market.

24 BY adding to
25 Article - Health - General
26 Section 19-207.1 and 19-706(nn)
27 Annotated Code of Maryland
28 (1996 Replacement Volume and 1999 Supplement)

29 BY adding to
30 Article - Insurance
31 Section 15-130; and 15-6A-01 through 15-6A-03 and 15-6A-05 to be under the
32 new subtitle "Subtitle 6A. Substantial, Available, and Affordable Coverage

1 Products"
2 Annotated Code of Maryland
3 (1997 Volume and 1999 Supplement)

4 BY repealing and reenacting, with amendments,
5 Article - Insurance
6 Section 15-606
7 Annotated Code of Maryland
8 (1997 Volume and 1999 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
10 MARYLAND, That the Laws of Maryland read as follows:

11 **Article - Health - General**

12 19-207.1.

13 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
14 INDICATED.

15 (2) "CARRIER" MEANS:

16 (I) AN INSURER;

17 (II) A NONPROFIT HEALTH SERVICE PLAN;

18 (III) A HEALTH MAINTENANCE ORGANIZATION;

19 (IV) A DENTAL PLAN ORGANIZATION; OR

20 (V) ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS
21 SUBJECT TO REGULATION BY THE STATE.

22 (3) "COMMISSIONER" MEANS THE MARYLAND INSURANCE
23 COMMISSIONER.

24 (4) "SAAC PRODUCT" HAS THE MEANING STATED IN § 15-6A-01 OF THE
25 INSURANCE ARTICLE.

26 (5) "SUBSIDY" MEANS THE AMOUNT OF HEALTH CARE EXPENDITURES
27 PAID BY A CARRIER THAT EXCEEDS 70% OF THE PREMIUM EARNED FOR THE SAAC
28 PRODUCT BY THE CARRIER.

29 (6) "VALUE OF THE DIFFERENTIAL" MEANS THE DIFFERENCE BETWEEN
30 WHAT THE CARRIER WOULD HAVE PAID FOR HOSPITAL SERVICES WITHOUT THE
31 DIFFERENTIAL, AND WHAT THE CARRIER PAID FOR HOSPITAL SERVICES WITH THE
32 DIFFERENTIAL.

1 (B) THE COMMISSIONER SHALL NOTIFY THE COMMISSION OF EACH CARRIER
2 THAT:

3 (1) APPLIES FOR APPROVAL OF A SAAC PRODUCT UNDER § 15-6A-03 OF
4 THE INSURANCE ARTICLE; OR

5 (2) HAS A SAAC PRODUCT THAT HAS BEEN APPROVED UNDER § 15-6A-03
6 OF THE INSURANCE ARTICLE.

7 (C) (1) THE COMMISSION SHALL GRANT UP TO A 2% DIFFERENTIAL TO A
8 CARRIER THAT HAS A SAAC PRODUCT THAT HAS BEEN APPROVED UNDER § 15-6A-03
9 OF THE INSURANCE ARTICLE.

10 (2) IF THE VALUE OF THE DIFFERENTIAL IS EQUAL TO OR LESS THAN
11 TWO TIMES THE SUBSIDY, THE CARRIER HAS EARNED THE DIFFERENTIAL.

12 (3) IF THE VALUE OF THE DIFFERENTIAL IS GREATER THAN TWO TIMES
13 THE SUBSIDY, THE CARRIER SHALL SUBMIT A CORRECTIVE PLAN TO THE
14 COMMISSION, FOR APPROVAL BY THE COMMISSION, IN CONSULTATION WITH THE
15 COMMISSIONER.

16 (D) A CORRECTIVE PLAN UNDER SUBSECTION (C)(3) OF THIS SECTION MAY
17 PROVIDE FOR:

18 (1) PAYMENT BY THE CARRIER TO THE COMMISSION OR THE
19 COMMISSION'S DESIGNEE IN THE AMOUNT BY WHICH THE VALUE OF THE
20 DIFFERENTIAL EXCEEDS TWO TIMES THE SUBSIDY;

21 (2) A REDUCTION IN THE DIFFERENTIAL GIVEN TO THE CARRIER; OR

22 (3) ANY OTHER ACTION APPROVED BY THE COMMISSION, IN
23 CONSULTATION WITH THE COMMISSIONER.

24 (E) IF A CARRIER STOPS OFFERING A SAAC PRODUCT, THE CARRIER SHALL
25 PAY TO THE COMMISSION OR THE COMMISSION'S DESIGNEE THE AMOUNT BY WHICH
26 THE VALUE OF THE DIFFERENTIAL EXCEEDS TWO TIMES THE SUBSIDY.

27 (F) THE COMMISSION MAY ADOPT REGULATIONS TO IMPLEMENT THIS
28 SECTION.

29 19-706.

30 (NN) THE PROVISIONS OF § 15-130 AND TITLE 15, SUBTITLE 6A OF THE
31 INSURANCE ARTICLE SHALL APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.

Article - Insurance

15-130.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "CARRIER" MEANS:

(I) AN INSURER;

(II) A NONPROFIT HEALTH SERVICE PLAN;

(III) A HEALTH MAINTENANCE ORGANIZATION;

(IV) A DENTAL PLAN ORGANIZATION; OR

(V) ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS SUBJECT TO REGULATION BY THE STATE.

(3) "SAAC PRODUCT" HAS THE MEANING STATED IN § 15-6A-01 OF THIS TITLE.

(B) THIS SECTION APPLIES TO CARRIERS THAT OFFER MEDICALLY UNDERWRITTEN HEALTH INSURANCE IN THE NONGROUP MARKET IN THE STATE.

(C) (1) A CARRIER SUBJECT TO THIS SECTION THAT SENDS A LETTER OF DECLINATION TO AN APPLICANT FOR MEDICALLY UNDERWRITTEN HEALTH INSURANCE IN THE NONGROUP MARKET SHALL SEND TO THE APPLICANT INFORMATION ABOUT THE AVAILABILITY OF SAAC PRODUCTS IN THE NONGROUP MARKET.

(2) THE INFORMATION SHALL BE IN THE FORM, AND SHALL BE SENT IN THE MANNER, THAT THE COMMISSIONER REQUIRES.

SUBTITLE 6A. SUBSTANTIAL, AVAILABLE, AND AFFORDABLE COVERAGE PRODUCTS.

15-6A-01.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "CARRIER" MEANS:

(1) AN INSURER;

(2) A NONPROFIT HEALTH SERVICE PLAN;

(3) A HEALTH MAINTENANCE ORGANIZATION;

(4) A DENTAL PLAN ORGANIZATION; OR

1 (5) ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS
2 SUBJECT TO REGULATION BY THE STATE.

3 (C) "COMMISSION" MEANS THE STATE HEALTH SERVICES COST REVIEW
4 COMMISSION.

5 (D) "SUBSTANTIAL, AVAILABLE, AND AFFORDABLE COVERAGE PRODUCT" OR
6 "SAAC PRODUCT" MEANS A HEALTH BENEFIT PLAN THAT:

7 (1) IS OFFERED IN THE NONGROUP MARKET;

8 (2) IS OFFERED ON AN OPEN ENROLLMENT BASIS;

9 (3) INCLUDES BENEFITS IN ACCORDANCE WITH THE PLAN
10 ESTABLISHED UNDER § 15-6A-04 OF THIS SUBTITLE; AND

11 (4) IS PRICED AT LEAST 5% HIGHER THAN THE PREMIUMS OF THE
12 GREATER OF:

13 (I) ANY COMPREHENSIVE STANDARD HEALTH BENEFIT PLAN
14 ISSUED BY THE CARRIER PURSUANT TO § 15-1207 OF THIS TITLE; OR

15 (II) A BENEFIT-EQUIVALENT MEDICALLY UNDERWRITTEN
16 INDIVIDUAL PRODUCT OFFERED BY THE CARRIER.

17 15-6A-02.

18 THE COMMISSIONER SHALL NOTIFY THE COMMISSION OF EACH CARRIER THAT:

19 (1) APPLIES FOR APPROVAL OF A SAAC PRODUCT UNDER § 15-6A-03 OF
20 THIS SUBTITLE; OR

21 (2) HAS A SAAC PRODUCT THAT HAS BEEN APPROVED UNDER § 15-6A-03
22 OF THIS SUBTITLE.

23 15-6A-03.

24 (A) TO APPLY FOR APPROVAL OF A SAAC PRODUCT, A CARRIER SHALL SUBMIT
25 TO THE COMMISSIONER AN APPLICATION ON THE FORM THE COMMISSIONER
26 REQUIRES AND EVIDENCE THAT THE CARRIER'S SAAC PRODUCT COMPLIES WITH
27 THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION.

28 (B) TO QUALIFY FOR APPROVAL, A SAAC PRODUCT SHALL:

29 (1) BE ADVERTISED BY THE CARRIER DURING AT LEAST TWO OPEN
30 ENROLLMENT PERIODS PER YEAR, FOR A DURATION OF 1 MONTH PER OPEN
31 ENROLLMENT PERIOD;

32 (2) HAVE AGE OR GEOGRAPHY BANDING OF ITS COMMUNITY RATE THAT
33 IS CONSISTENT WITH § 15-1205 OF THIS TITLE; AND

1 (3) COMPLY WITH ANY REGULATIONS ADOPTED BY THE COMMISSIONER
2 AND THE COMMISSION.

3 [15-606.]15-6A-04.

4 (a) [In this section, "carrier" means:

5 (1) an insurer;

6 (2) a nonprofit health service plan;

7 (3) a health maintenance organization;

8 (4) a dental plan organization; or

9 (5) any other person that provides health benefit plans subject to
10 regulation by the State.]

11 [(b) (1)] The Maryland Health Care Commission shall adopt regulations that
12 specify a plan for A substantial, available, and affordable coverage PRODUCT that
13 shall be offered in the nongroup market by a carrier that qualifies for an approved
14 [purchaser] differential under § 19-207.1(C) OF THE HEALTH - GENERAL ARTICLE
15 AND regulations adopted by the COMMISSIONER AND THE [Health Services Cost
16 Review] Commission.

17 [(2)] (B) In establishing a plan under this [subsection] SECTION, the
18 Maryland Health Care Commission shall judge preventive services, medical
19 treatments, procedures, and related health services based on:

20 [(i)] (1) their effectiveness in improving the health of individuals;

21 [(ii)] (2) their impact on maintaining and improving health and
22 encouraging consumers to use only the health care services they need; and

23 [(iii)] (3) their impact on the affordability of health care coverage.

24 [(3)] (C) The Maryland Health Care Commission may exclude from the
25 plan:

26 [(i)] (1) a health care service, benefit, coverage, or reimbursement
27 for covered health care services that is required under this article or the Health -
28 General Article to be provided or offered in a health benefit plan that is issued or
29 delivered in the State by a carrier; or

30 [(ii)] (2) reimbursement required by statute, by a health benefit
31 plan for a service when that service is performed by a health care provider who is
32 licensed under the Health Occupations Article and whose scope of practice includes
33 that service.

1 [(4)] (D) The plan shall include uniform deductibles and cost-sharing
2 associated with its benefits, as determined by the Maryland Health Care
3 Commission.

4 [(5)] (E) In establishing cost-sharing as part of the plan, the Maryland
5 Health Care Commission shall:

6 [(i)] (1) include cost-sharing and other incentives to help
7 consumers use only the health care services they need;

8 [(ii)] (2) balance the effect of cost-sharing in reducing premiums
9 and in affecting utilization of appropriate services; and

10 [(iii)] (3) limit the total cost-sharing that may be incurred by an
11 individual in a year.

12 15-6A-05.

13 THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT THIS
14 SUBTITLE.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 January 1, 2001.