

SENATE BILL 883

Unofficial Copy  
C3

2000 Regular Session  
(01r2750)

*ENROLLED BILL*  
*-- Finance/Economic Matters --*

Introduced by **Senator Dorman**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER 320

1 AN ACT concerning

2 **Health Insurance - ~~Substantial, Available, and Affordable Coverage~~**  
3 **~~Products~~ Task Force to Study the Non-Group Health Insurance Market -**  
4 **Repeal**

5 FOR the purpose of ~~requiring the Maryland Insurance Commissioner to notify the~~  
6 ~~State Health Services Cost Review Commission of certain health insurance~~  
7 ~~carriers that apply for approval of a substantial, available, and affordable~~  
8 ~~coverage (SAAC) product, or have a SAAC product that has been approved,~~  
9 ~~under certain provisions of law; specifying procedures for applying for approval~~  
10 ~~of a SAAC product; specifying the requirements a SAAC product must meet to~~  
11 ~~qualify for approval; requiring the State Health Services Cost Review~~  
12 ~~Commission to grant a certain differential to a carrier that has an approved~~  
13 ~~SAAC product; specifying the circumstances under which a carrier must submit~~  
14 ~~a corrective plan to the Commission; authorizing a corrective plan to provide for~~  
15 ~~certain actions; requiring a carrier to pay a certain amount to the Commission~~  
16 ~~or the Commission's designee if the carrier stops offering a SAAC product;~~  
17 ~~requiring a carrier that sends a letter of declination to an applicant for medically~~

1 underwritten health insurance in the nongroup market to send the applicant  
 2 certain information about the availability of SAAC products in the nongroup  
 3 market; authorizing the Commissioner and the Commission to adopt certain  
 4 regulations; providing for the application of certain provisions of this Act;  
 5 defining certain terms; prohibiting the Commission from taking any action to  
 6 eliminate or adjust a certain SAAC differential until a certain date ~~certain~~  
 7 ~~conditions are satisfied; altering the date by which the Task Force to Study the~~  
 8 ~~Non-group Health Insurance Market must submit a final report to the General~~  
 9 ~~Assembly; providing for a delayed effective date for certain provisions of this~~  
 10 ~~Act; and generally relating to substantial, available, and affordable coverage~~  
 11 ~~products in the nongroup health insurance market *repealing the Task Force to*~~  
 12 ~~*Study the Non-Group Health Insurance Market.*~~

13 ~~BY adding to~~  
 14 ~~Article Health General~~  
 15 ~~Section 19-207.1 and 19-706(nn)~~  
 16 ~~Annotated Code of Maryland~~  
 17 ~~(1996 Replacement Volume and 1999 Supplement)~~

18 ~~BY adding to~~  
 19 ~~Article Insurance~~  
 20 ~~Section 15-130; and 15-6A-01 through 15-6A-03 and 15-6A-05 to be under the~~  
 21 ~~new subtitle "Subtitle 6A. Substantial, Available, and Affordable Coverage~~  
 22 ~~Products"~~  
 23 ~~Annotated Code of Maryland~~  
 24 ~~(1997 Volume and 1999 Supplement)~~

25 ~~BY repealing and reenacting, with amendments,~~  
 26 ~~Article Insurance~~  
 27 ~~Section 15-128(h) and 15-606~~  
 28 ~~Annotated Code of Maryland~~  
 29 ~~(1997 Volume and 1999 Supplement)~~

30 ~~BY repealing~~  
 31 ~~Article - Insurance~~  
 32 ~~Section 15-128~~  
 33 ~~Annotated Code of Maryland~~  
 34 ~~(1997 Volume and 1999 Supplement)~~

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

~~Article—Health—General~~

~~19-207.1.~~

~~(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) "COMMISSIONER" MEANS THE MARYLAND INSURANCE COMMISSIONER.~~

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

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

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

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

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

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

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

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



1                   (IV)    A DENTAL PLAN ORGANIZATION; OR

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

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

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

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

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

15                   SUBTITLE 6A. SUBSTANTIAL, AVAILABLE, AND AFFORDABLE COVERAGE PRODUCTS.  
16 15-6A-01.

17    (A)    IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
18 INDICATED:

19    (B)    "CARRIER" MEANS:

20               (1)    AN INSURER;

21               (2)    A NONPROFIT HEALTH SERVICE PLAN;

22               (3)    A HEALTH MAINTENANCE ORGANIZATION;

23               (4)    A DENTAL PLAN ORGANIZATION; OR

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

26    (C)    "COMMISSION" MEANS THE STATE HEALTH SERVICES COST REVIEW  
27 COMMISSION.

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

30               (1)    IS OFFERED IN THE NONGROUP MARKET;

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

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

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

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

7           (II)    ~~A BENEFIT EQUIVALENT MEDICALLY UNDERWRITTEN~~  
 8 ~~INDIVIDUAL PRODUCT OFFERED BY THE CARRIER.~~

9 ~~15-6A-02.~~

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

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

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

15 ~~15-6A-03.~~

16    (A)     ~~TO APPLY FOR APPROVAL OF A SAAC PRODUCT, A CARRIER SHALL SUBMIT~~  
 17 ~~TO THE COMMISSIONER AN APPLICATION ON THE FORM THE COMMISSIONER~~  
 18 ~~REQUIRES AND EVIDENCE THAT THE CARRIER'S SAAC PRODUCT COMPLIES WITH~~  
 19 ~~THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION.~~

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

21           (1)     ~~BE ADVERTISED BY THE CARRIER DURING AT LEAST TWO OPEN~~  
 22 ~~ENROLLMENT PERIODS PER YEAR, FOR A DURATION OF 1 MONTH PER OPEN~~  
 23 ~~ENROLLMENT PERIOD;~~

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

26           (3)     ~~COMPLY WITH ANY REGULATIONS ADOPTED BY THE COMMISSIONER~~  
 27 ~~AND THE COMMISSION.~~

28 ~~[15-606.]15-6A-04.~~

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

30           (1)     ~~an insurer;~~

31           (2)     ~~a nonprofit health service plan;~~

32           (3)     ~~a health maintenance organization;~~

1 (4) a dental plan organization; or

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

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

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

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

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

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

17 ~~[(3)] (C) The Maryland Health Care Commission may exclude from the~~  
18 ~~plan:~~

19 ~~[(i)] (1) a health care service, benefit, coverage, or reimbursement~~  
20 ~~for covered health care services that is required under this article or the Health –~~  
21 ~~General Article to be provided or offered in a health benefit plan that is issued or~~  
22 ~~delivered in the State by a carrier; or~~

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

27 ~~[(4)] (D) The plan shall include uniform deductibles and cost sharing~~  
28 ~~associated with its benefits, as determined by the Maryland Health Care~~  
29 ~~Commission.~~

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

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

34 ~~[(ii)] (2) balance the effect of cost sharing in reducing premiums~~  
35 ~~and in affecting utilization of appropriate services; and~~

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

3 15-6A-05.

4        ~~THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT THIS~~  
5 ~~SUBTITLE.~~

6        ~~SECTION 2. AND BE IT FURTHER ENACTED, That, until January 1, 2002,~~  
7 ~~the Health Services Cost Review Commission may not take any action to eliminate or~~  
8 ~~adjust the SAAC differential that is in effect on June April 1, 2000 until:~~

9                    (1)        ~~the Task Force to Study the Non-group Health Insurance Market has~~  
10 ~~submitted its final report to the General Assembly; and~~

11                    (2)        ~~the General Assembly has affirmatively acted on that final report~~  
12 ~~during the 2001 Session of the General Assembly.~~

13        ~~SECTION 3. AND BE IT FURTHER ENACTED, That, Section 2 of this Act shall~~  
14 ~~take effect June 1, 2000.~~

15        ~~SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in~~  
16 ~~Section 3 of this Act, this Act shall take effect January 1, 2002 July 1, 2001.~~

17        SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
18 MARYLAND, That Section 15-128 of Article - Insurance of the Annotated Code of  
19 Maryland be repealed.

20        SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 June 1, 2000.