C3 5lr0703

By: **Delegate Costa**
Introduced and read first time: February 2, 2005
Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Health Savings Accounts - High Deductible Health Plans**

3 FOR the purpose of requiring certain health insurance carriers to offer a high
4 deductible health plan that qualifies for use with a health savings account
5 authorized under federal law; requiring certain health insurance carriers to
6 offer the plan to all eligible individuals and their dependents; establishing a
7 certain exception for health maintenance organizations; prohibiting a carrier
8 from providing coverage to certain individuals; establishing certain limitations
9 on annual premiums for individual and family coverages under the plan;
10 authorizing a carrier that offers the plan to exclude or limit certain health care
11 services, benefits, coverage, or reimbursement for covered health care services
12 under certain circumstances; establishing a certain copayment for emergency
13 room visits covered under the plan; requiring the plan to include an optional
14 prescription drug benefit; exempting plans from certain loss ratio requirements;
15 requiring the Maryland Insurance Commissioner to adopt certain regulations;
16 defining a certain term; providing for a delayed effective date; and generally
17 relating to health insurance and health savings accounts.

18 BY adding to
19 Article - Health - General
20 Section 19-706(ddd)
21 Annotated Code of Maryland
22 (2000 Replacement Volume and 2004 Supplement)

23 BY adding to
24 Article - Insurance
25 Section 15-131
26 Annotated Code of Maryland
27 (2002 Replacement Volume and 2004 Supplement)

28 BY repealing and reenacting, with amendments,
29 Article - Insurance
30 Section 15-605(c)(2)
31 Annotated Code of Maryland

1 (2002 Replacement Volume and 2004 Supplement)

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

4 **Article - Health - General**

5 19-706.

6 (DDD) THE PROVISIONS OF § 15-131 OF THE INSURANCE ARTICLE APPLY TO
7 HEALTH MAINTENANCE ORGANIZATIONS.

8 **Article - Insurance**

9 15-131.

10 (A) IN THIS SECTION, "CARRIER" MEANS:

11 (1) A HEALTH INSURER;

12 (2) A NONPROFIT HEALTH SERVICE PLAN; OR

13 (3) A HEALTH MAINTENANCE ORGANIZATION.

14 (B) A CARRIER THAT OFFERS POLICIES OR CONTRACTS OF HEALTH
15 INSURANCE TO INDIVIDUALS IN THE STATE SHALL OFFER A HIGH DEDUCTIBLE
16 HEALTH PLAN THAT QUALIFIES FOR USE WITH A HEALTH SAVINGS ACCOUNT
17 AUTHORIZED UNDER THE FEDERAL MEDICARE PRESCRIPTION DRUG, IMPROVEMENT
18 AND MODERNIZATION ACT OF 2003.

19 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A CARRIER THAT
20 OFFERS COVERAGE TO AN INDIVIDUAL UNDER THIS SECTION SHALL OFFER
21 COVERAGE TO ALL ELIGIBLE INDIVIDUALS AND THEIR DEPENDENTS.

22 (2) A HEALTH MAINTENANCE ORGANIZATION NEED NOT OFFER
23 COVERAGE TO AN INDIVIDUAL WHO RESIDES OUTSIDE OF THE HEALTH
24 MAINTENANCE ORGANIZATION'S APPROVED SERVICE AREAS.

25 (D) A CARRIER MAY OFFER COVERAGE UNDER THIS SECTION ONLY TO AN
26 INDIVIDUAL WHO, DURING THE 6-MONTH PERIOD IMMEDIATELY PRECEDING THE
27 INDIVIDUAL'S APPLICATION FOR COVERAGE, HAS NOT BEEN COVERED UNDER
28 ANOTHER HEALTH INSURANCE POLICY, CONTRACT, OR PLAN.

29 (E) (1) THE ANNUAL PREMIUM FOR A HIGH DEDUCTIBLE HEALTH PLAN
30 OFFERED UNDER THIS SECTION MAY NOT EXCEED:

31 (I) FOR INDIVIDUAL COVERAGE, 4% OF THE MEDIAN INDIVIDUAL
32 INCOME IN THE STATE FOR THE YEAR IN WHICH COVERAGE IS PROVIDED; AND

1 (II) FOR FAMILY COVERAGE, 4% OF THE APPLICABLE MEDIAN
2 FAMILY INCOME IN THE STATE FOR THE YEAR IN WHICH COVERAGE IS PROVIDED.

3 (2) THE MEDIAN INDIVIDUAL AND FAMILY INCOME UNDER PARAGRAPH
4 (1) OF THIS SUBSECTION SHALL BE DETERMINED BY THE COMMISSIONER ON OR
5 BEFORE NOVEMBER 1 OF EACH YEAR FOR THE FOLLOWING CALENDAR YEAR, BASED
6 ON PROJECTED INCOME FOR THAT CALENDAR YEAR.

7 (F) SUBJECT TO SUBSECTION (G) OF THIS SECTION, TO COMPLY WITH THE
8 ANNUAL PREMIUM LIMITATIONS UNDER SUBSECTION (E)(1) OF THIS SECTION, A
9 CARRIER THAT OFFERS A HIGH DEDUCTIBLE HEALTH PLAN UNDER THIS SECTION
10 MAY EXCLUDE OR LIMIT ANY HEALTH CARE SERVICE, BENEFIT, COVERAGE, OR
11 REIMBURSEMENT FOR COVERED HEALTH CARE SERVICES THAT IS REQUIRED TO BE
12 OFFERED OR PROVIDED UNDER THIS ARTICLE OR THE HEALTH - GENERAL ARTICLE.

13 (G) A HIGH DEDUCTIBLE HEALTH PLAN OFFERED UNDER THIS SECTION:

14 (1) SHALL REQUIRE A $200 COPAYMENT FOR EMERGENCY ROOM VISITS;
15 AND

16 (2) SHALL INCLUDE AN OPTIONAL PRESCRIPTION DRUG BENEFIT.

17 (H) THE COMMISSIONER SHALL ADOPT REGULATIONS TO IMPLEMENT THIS
18 SECTION.

19 15-605.

20 (c) (2) (i) Subject to subparagraph (ii) of this paragraph, for a health
21 benefit plan that is issued to individuals the Commissioner may require the insurer,
22 nonprofit health service plan, or health maintenance organization to file new rates if
23 the loss ratio is less than 60%.

24 (ii) Subparagraph (i) of this paragraph does not apply to an
25 insurance product that:

26 1. is listed under § 15-1201(f)(3) of this title; [or]

27 2. is nonrenewable and has a policy term of no more than 6
28 months; OR

29 3. IS OFFERED UNDER § 15-131 OF THIS TITLE.

30 (iii) The Commissioner may establish a loss ratio for each insurance
31 product described in subparagraph (ii)1 and 2 of this paragraph.

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
33 January 1, 2006.