

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 1361 (Delegate Szeliga, *et al.*)
Health and Government Operations

Joint Committee to Review the Maryland Health Benefit Exchange and Audit by
the Office of Legislative Audits

This emergency bill establishes a Joint Committee to Review the Maryland Health Benefit Exchange (MHBE). The committee must investigate and review the performance of MHBE in implementing health reform in the State. The committee may issue subpoenas; compel the attendance of witnesses and the production of any papers, books, accounts, documents, and testimony; administer oaths; and cause the depositions of witnesses. A circuit court may direct compliance and enforce the order by proceedings for contempt. The committee must adopt rules to govern its procedures and issue a report of its findings and recommendations by December 1, 2014. The Office of Legislative Audits (OLA) must conduct a performance audit of MHBE and submit a report of its findings and recommendations to the committee by September 1, 2014.

Fiscal Summary

State Effect: Any additional workload on OLA can be handled within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The federal Patient Protection and Affordable Care Act (ACA) requires states to have a health insurance exchange, either state-based or federal, in place by January 1, 2014. Maryland was 1 of 14 states that opted to develop a state-based

exchange, known as Maryland Health Connection. The exchanges are intended to provide a marketplace for individuals and small businesses to purchase affordable health coverage. Chapters 1 and 2 of 2011 established the governance, structure, and funding of MHBE, the primary function of which is to certify and make available qualified health plans (QHPs) and qualified dental plans to individuals and businesses and to serve as a gateway to an expanded Medicaid program under ACA. MHBE is a public corporation and independent unit of State government with a nine-member Board of Trustees.

Background: On October 1, 2013, MHBE launched Maryland Health Connection, an online insurance marketplace to compare and enroll in health insurance and determine eligibility for Medicaid and other assistance programs, federal tax credits, and cost-sharing reductions. From inception, the website has had significant technological problems hindering enrollment and posted much lower-than-anticipated enrollment figures.

By mid-December, the Administration indicated that major information system fixes had been completed, and the website was functional for most individuals. To allow additional time for enrollment to ensure coverage effective January 1, 2014, the initial deadline of December 23, 2013, was extended until December 27, 2013. Two carriers (Evergreen Health Co-op and Kaiser Permanente) accepted enrollments through December 31, 2013. Coverage began January 1, 2014, for all individuals successfully enrolled. However, some individuals who had attempted to enroll in coverage through the site were unsuccessful and remain uncovered for January 2014. Open enrollment continues through March 31, 2014; however, coverage for individuals enrolling after December 31, 2013, will not begin until February 1, 2014, or later. According to MHBE, as of February 2014, 35,636 individuals were enrolled in QHPs and an additional 71,449 were newly enrolled in Medicaid.

On February 6, 2014, the President of the Senate and the Speaker of the House of Delegates announced a process for ongoing legislative oversight of MHBE – the Joint Oversight Committee on the Maryland Health Benefit Exchange. This bipartisan group of legislators will conduct ongoing meetings to assess and monitor the performance of MHBE, including an assessment of how MHBE is facilitating the sale and purchase of QHPs; outreach to Marylanders and the quality of consumers' experiences; the quality of assistance for the small group market; and the type and quality of information exchange between MHBE, carriers, and Medicaid.

The joint oversight committee requested OLA to review processes employed and decisions made by MHBE in advance of the October launch of Maryland Health Connection and during the initial open enrollment period. The purpose of the review is to identify and analyze the factors that caused or contributed to the troubled launch to facilitate a more effective and efficient operation of MHBE as it prepares for the second open enrollment period in October 2014.

OLA has begun document review and plans to submit a report on the status of the review and any findings and recommendations OLA can make at that time to the joint oversight committee by March 31, 2014. If the joint oversight committee determines that additional review is warranted, it may direct OLA to continue its review of MHBE.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department Legislative Services (Office of Legislative Audits),
Department of Legislative Services

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