

BY: Environmental Matters Committee

AMENDMENTS TO HOUSE BILL NO. 1350  
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike "Public Health - "; and in lines 2 and 3, strike "Insurance Subsidy for Medicare Plus Choice" and substitute "Short-Term Prescription Drug Subsidy Plan".

AMENDMENT NO. 2

On page 1, strike beginning with "subsidy" in line 4 down through "Choice" in line 14 and substitute "prescription drug plan for certain Medicare Plus Choice eligible individuals residing in certain medically underserved counties or portions of counties; requiring a certain carrier to provide the plan as a condition of receiving a certain hospital rate differential; requiring certain other carriers to either pay a certain assessment or provide a certain plan as a condition of receiving that differential; creating a certain fund and providing for the use and administration of that fund; providing an exception to the insurance premium tax for the plan created under this Act; requiring that the carrier providing the plan meet certain conditions; requiring that the plan include a certain deductible and limitation on total benefits and certain co-pays and premiums; allowing the plan to exclude coverage for certain prescription drugs; requiring that enrollment be reserved for a certain period for a certain population of eligible individuals; requiring that the Secretary of Health and Mental Hygiene adopt certain regulations and issue a report jointly with the Maryland Insurance Administration and the Health Services Cost Review Commission; prohibiting the Health Services Cost Review Commission from taking steps to eliminate or adjust the differential for substantial, affordable, and available coverage for a certain period; providing for the termination of this Act; defining certain terms; and generally relating to a short-term prescription drug plan for certain individuals in medically underserved counties or portions of counties and to the differential awarded carriers for providing substantial, affordable, and available coverage".

AMENDMENT NO. 3

On page 1, strike line 18 in its entirety and substitute "6. Short-Term Prescription Drug Subsidy Plan"; and after line 20, insert:

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“BY repealing and reenacting, with amendments,

Article - Insurance

Section 6-101 and 15-606

Annotated Code of Maryland

(1997 Volume and 1999 Supplement)”.

#### AMENDMENT NO. 4

On page 2, in line 2, after “plan” insert “that provides prescription drug benefits”; strike in their entirety lines 3 through 5, inclusive; in line 7, after “plan” insert “that provides prescription drug benefits”; strike in their entirety lines 8 through 12, inclusive; in line 16, after “benefits” insert “that provided prescription drug coverage”; in line 18, strike “fourteen counties and”; in the same line, strike “areas” and substitute “counties and portions of counties”; strike lines 21 through 24 in their entirety and substitute “ensure that all Maryland residents have access to prescription drugs in order to maintain the optimal level of health possible for Maryland citizens; and”; strike beginning with “provide” in line 25 down through “care” in line 30 and substitute “find a temporary means of providing prescription drug benefits to its senior citizens who have no prescription drug benefits in those counties or portions of counties that are medically underserved and have no managed care prescription drug benefits available; and

WHEREAS, It is the intent of the Maryland General Assembly to fund the prescription drug benefits plan with a portion of the approved purchaser differential received under § 15-606 of the Insurance Article by carriers who provide substantial, affordable, and available health care coverage programs; and

WHEREAS, Providing a short term prescription drug program for Maryland’s senior citizens”.

#### AMENDMENT NO. 5

On page 3, in line 2, strike “MARYLAND MEDICARE PLUS CHOICE INSURANCE SUBSIDY PROGRAM” and substitute “SHORT-TERM PRESCRIPTION DRUG SUBSIDY PLAN”.

#### AMENDMENT NO. 6

On pages 3 through 5, strike in their entirety the lines beginning with line 4 on page 3 through line 24 on page 5, inclusive, and substitute:

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

(B) “CARRIER” MEANS:

(1) AN AUTHORIZED INSURER;

(2) A NONPROFIT HEALTH SERVICE PLAN;

(3) A HEALTH MAINTENANCE ORGANIZATION;

(4) A MANAGED CARE ORGANIZATION;

(5) A DENTAL PLAN ORGANIZATION; OR

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

(C) “ELIGIBLE INDIVIDUAL” MEANS AN INDIVIDUAL WHO:

(1) IS A RESIDENT OF MARYLAND AND AT LEAST 65 YEARS OF AGE;

(2) IS ELIGIBLE FOR MEDICARE PLUS CHOICE, AS DEFINED UNDER TITLE XVIII OF THE FEDERAL SOCIAL SECURITY ACT, AS AMENDED;

(3) RESIDES IN A MEDICALLY UNDERSERVED COUNTY OR PORTION OF A COUNTY;

(4) PAYS THE PREMIUM FOR MEDICARE PART “B”, AS REQUIRED BY TITLE XVIII OF THE SOCIAL SECURITY ACT, AS AMENDED;

(5) IS NOT ENROLLED IN A MEDICARE PLUS CHOICE MANAGED CARE PROGRAM THAT PROVIDES PRESCRIPTION DRUG BENEFITS AT THE TIME THAT THE

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INDIVIDUAL APPLIES FOR ENROLLMENT IN THE PLAN; AND

(6) PAYS THE PREMIUM, CO-PAYMENTS, AND DEDUCTIBLES FOR THE PLAN.

(D) "ENROLLEE" MEANS AN INDIVIDUAL ENROLLED IN THE PLAN.

(E) "FUND" MEANS THE SHORT-TERM PRESCRIPTION DRUG SUBSIDY PLAN FUND CREATED UNDER § 15-604 OF THIS SUBTITLE.

(F) "MEDICALLY UNDERSERVED COUNTY" MEANS ANY OF THE FOLLOWING COUNTIES:

(1) ALLEGANY COUNTY;

(2) CALVERT COUNTY;

(3) CAROLINE COUNTY;

(4) CARROLL COUNTY;

(5) CECIL COUNTY;

(6) CHARLES COUNTY;

(7) DORCHESTER COUNTY;

(8) FREDERICK COUNTY;

(9) GARRETT COUNTY;

(10) KENT COUNTY;

(11) QUEEN ANNE'S COUNTY;

- (12) ST. MARY'S COUNTY;
- (13) SOMERSET COUNTY;
- (14) TALBOT COUNTY;
- (15) WASHINGTON COUNTY;
- (16) WICOMICO COUNTY; OR
- (17) WORCESTER COUNTY.

(G) "PORTION OF A COUNTY" MEANS A GEOGRAPHIC PART OF A COUNTY NOT LISTED IN SUBSECTION (F) OF THIS SECTION THAT WAS SERVED BY A MEDICARE PLUS CHOICE MANAGED CARE PROVIDER PRIOR TO JANUARY 1, 2000, AND IS NO LONGER SERVED.

(H) "PLAN" MEANS THE SHORT-TERM PRESCRIPTION DRUG SUBSIDY PLAN ESTABLISHED UNDER THIS SUBTITLE.

15-602.

(A) A CARRIER THAT IS REQUIRED TO PROVIDE THE SHORT-TERM PRESCRIPTION DRUG SUBSIDY PLAN UNDER § 15-606(C) OF THE INSURANCE ARTICLE SHALL:

(1) SIGN A CONTRACT WITH THE SECRETARY AGREEING TO PROVIDE PRESCRIPTION DRUG BENEFITS TO ELIGIBLE INDIVIDUALS FOR A PERIOD OF AT LEAST 2 YEARS;

(2) EXCEPT AS OTHERWISE REQUIRED UNDER STATE OR FEDERAL LAW, AGREE NOT TO ALTER THE LEVEL OR TYPES OF BENEFITS PROVIDED UNDER THE PLAN THROUGHOUT THE 2-YEAR PERIOD OF THE CONTRACT;

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(3) AGREE TO HOLD ENROLLEE PREMIUMS AT THE SAME LEVEL THROUGHOUT THE 2-YEAR CONTRACT PERIOD;

(4) AGREE TO CONTINUE TO SERVE AT LEAST THE SAME MEDICALLY UNDERSERVED COUNTIES OR PORTIONS OF COUNTIES THROUGHOUT THE 2-YEAR CONTRACT PERIOD; AND

(5) MAKE ALL PERFORMANCE REVIEW AND FINANCIAL RECORDS AVAILABLE FOR REVIEW BY THE SECRETARY AND THE MARYLAND INSURANCE ADMINISTRATION.

(B) A CARRIER IS NOT REQUIRED, IN PROVIDING THE PLAN, TO OFFER ANY OTHER BENEFIT OTHERWISE REQUIRED UNDER TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE OR TITLE 15, SUBTITLE 8 OF THE INSURANCE ARTICLE.

15-603.

(A) THE PLAN PROVIDED UNDER THIS SUBTITLE SHALL:

(1) THROUGHOUT THE 2-YEAR CONTRACT PERIOD, EXCEPT AS OTHERWISE ALLOWED UNDER § 15-606(C)(2)(V) OF THE INSURANCE ARTICLE, PROVIDE BENEFITS TO NOT MORE THAN 15,000 ENROLLEES AT ANY ONE TIME WHO ARE ELIGIBLE INDIVIDUALS AND WHO RESIDE IN ANY OF THE MEDICALLY UNDERSERVED COUNTIES OR PORTIONS OF COUNTIES;

(2) LIMIT THE MONTHLY PREMIUM CHARGED AN ENROLLEE TO NOT MORE THAN \$40;

(3) LIMIT THE DEDUCTIBLE CHARGED AN ENROLLEE TO NOT MORE THAN \$50 PER YEAR PER INDIVIDUAL;

(4) LIMIT THE CO-PAY CHARGED AN ENROLLEE TO:

- (I) \$10 FOR A PRESCRIPTION FOR A GENERIC DRUG;
  - (II) \$20 FOR A PRESCRIPTION FOR A PREFERRED BRAND NAME DRUG; AND
  - (III) \$35 FOR A PRESCRIPTION FOR A NONPREFERRED BRAND NAME DRUG; AND
- (5) LIMIT THE TOTAL ANNUAL BENEFIT TO \$1,000 PER INDIVIDUAL.
- (B) THE PLAN MAY INCLUDE A RESTRICTED FORMULARY OF EXPERIMENTAL DRUGS NOT APPROVED BY THE FEDERAL FOOD AND DRUG ADMINISTRATION FOR GENERAL USE THAT WILL NOT BE REIMBURSED.
- (C) (1) DURING THE FIRST 180 DAYS OF THE OPERATION OF THE PLAN, THE CARRIER MAY ENROLL ONLY ELIGIBLE INDIVIDUALS WHO WERE:
  - (I) ENROLLED IN MEDICARE PLUS CHOICE MANAGED CARE PROGRAMS IN MEDICALLY UNDERSERVED COUNTIES OR PORTIONS OF COUNTIES ON OR BEFORE DECEMBER 31, 1999; AND
  - (II) AFTER DECEMBER 31, 1999, CEASED TO BE ENROLLED IN THOSE PLANS.
- (2) ON AND AFTER THE 181ST DAY OF THE OPERATION OF THE PLAN, THE CARRIER MAY ENROLL ANY ELIGIBLE INDIVIDUAL.
- (3) THE CARRIER SHALL WORK WITH THE SECRETARY AND THE MARYLAND DEPARTMENT OF AGING TO PROVIDE NOTICE, THROUGH THE WRITTEN AND ELECTRONIC MEDIA AND OTHER MEANS, TO THE ELIGIBLE INDIVIDUALS ELIGIBLE FOR ENROLLMENT IN THE FIRST 180 DAYS OF THE OPERATION OF THE PLAN, OF THE AVAILABILITY OF THE PLAN AND OF THE ENROLLMENT PREFERENCE TO BE GRANTED.

15-604.

- (A) THERE IS A SHORT-TERM PRESCRIPTION DRUG SUBSIDY PLAN FUND.
- (B) THE FUND CONTAINS THE ASSESSMENT AGAINST CARRIERS MADE UNDER § 15-606(C) OF THE INSURANCE ARTICLE.
- (C) THE FUND IS A SPECIAL, CONTINUING, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.
- (D) THE TREASURER SHALL SEPARATELY HOLD, AND THE COMPTROLLER SHALL ACCOUNT, FOR THE FUND.
- (E) (1) THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME MANNER AS OTHER STATE FUNDS.
- (2) ANY INVESTMENT EARNINGS SHALL BE RETAINED TO THE CREDIT OF THE FUND.
- (F) THE FUND SHALL BE SUBJECT TO AN AUDIT BY THE OFFICE OF LEGISLATIVE AUDITS, AS PROVIDED IN § 2-1220 OF THE STATE GOVERNMENT ARTICLE.
- (G) THE SECRETARY SHALL TRANSFER THE MONEYS IN THE FUND TO THE CARRIER PROVIDING THE PLAN AS THE MONEYS ARE NEEDED TO PROVIDE BENEFITS TO ENROLLEES IN THE PLAN.

15-605.

- (A) ON OR BEFORE JUNE 30 OF EACH YEAR, THE SECRETARY, THE MARYLAND HEALTH SERVICES COST REVIEW COMMISSION, AND THE MARYLAND INSURANCE ADMINISTRATION SHALL SUBMIT A JOINT REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE



GENERAL ASSEMBLY, THAT INCLUDES A SUMMARY OF THE PROGRAM ACTIVITIES FOR THE YEAR AND ANY RECOMMENDATIONS FOR CONSIDERATION BY THE GENERAL ASSEMBLY.

(B) THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS SUBTITLE.

Article - Insurance

6-101.

(a) The following persons are subject to taxation under this subtitle:

(1) a person engaged as principal in the business of writing insurance contracts, surety contracts, guaranty contracts, or annuity contracts;

(2) an attorney in fact for a reciprocal insurer;

(3) the Maryland Automobile Insurance Fund; and

(4) a credit indemnity company.

(b) The following persons are not subject to taxation under this subtitle:

(1) a nonprofit health service plan corporation;

(2) a fraternal benefit society;

(3) a health maintenance organization authorized by Title 19, Subtitle 7 of the Health - General Article;

(4) a surplus lines broker, who is subject to taxation in accordance with Title 3, Subtitle 3 of this article; [or]

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(5) an unauthorized insurer, who is subject to taxation in accordance with Title 4, Subtitle 2 of this article; OR

(6) THE SHORT-TERM PRESCRIPTION DRUG SUBSIDY PLAN CREATED UNDER TITLE 15, SUBTITLE 6 OF THE HEALTH-GENERAL ARTICLE.

15-606.

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

(1) an insurer;

(2) a nonprofit health service plan;

(3) a health maintenance organization;

(4) a dental plan organization; or

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

(b) (1) The Maryland Health Care Commission shall adopt regulations that specify a plan for substantial, available, and affordable coverage that shall be offered in the nongroup market by a carrier that qualifies for an approved purchaser differential under regulations adopted by the Health Services Cost Review Commission.

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

(i) their effectiveness in improving the health of individuals;

(ii) their impact on maintaining and improving health and encouraging

consumers to use only the health care services they need; and

(iii) their impact on the affordability of health care coverage.

(3) The Maryland Health Care Commission may exclude from the plan:

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

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

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

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

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

(ii) balance the effect of cost-sharing in reducing premiums and in affecting utilization of appropriate services; and

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

(C) (1) IN ADDITION TO THE REQUIREMENTS IMPOSED UNDER SUBSECTION (B) OF THIS SECTION, A CARRIER MAY NOT RECEIVE THE APPROVED PURCHASER DIFFERENTIAL UNLESS THE CARRIER CONTRIBUTES, AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, TO THE SHORT-TERM PRESCRIPTION DRUG

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SUBSIDY PLAN CREATED UNDER TITLE 15, SUBTITLE 6 OF THE HEALTH - GENERAL ARTICLE.

(2) (I) THE TOTAL CONTRIBUTIONS TO BE MADE TO THE SHORT-TERM PRESCRIPTION DRUG SUBSIDY PLAN BY ALL CARRIERS PARTICIPATING IN THE SUBSTANTIAL, AFFORDABLE, AND AVAILABLE COVERAGE DIFFERENTIAL PROGRAM SHALL BE \$5.4 MILLION PER YEAR.

(II) 1. EACH CARRIER PARTICIPATING IN THE SUBSTANTIAL, AFFORDABLE, AND AVAILABLE COVERAGE DIFFERENTIAL PROGRAM SHALL CONTRIBUTE AN AMOUNT TO THE SHORT-TERM PRESCRIPTION DRUG SUBSIDY PLAN THAT IS EQUAL TO THE TOTAL DERIVED BY MULTIPLYING \$5.4 MILLION BY THE PERCENTAGE OF THE TOTAL BENEFIT TO ALL CARRIERS FROM THE SUBSTANTIAL, AFFORDABLE, AND AVAILABLE COVERAGE DIFFERENTIAL THAT THE CARRIER RECEIVES ON JANUARY 1, 2000.

2. ON JULY 1 OF EACH YEAR, THE HEALTH SERVICES COST REVIEW COMMISSION SHALL CALCULATE EACH CARRIER'S CONTRIBUTION AND ASSESS THE CONTRIBUTION AS PROVIDED IN THIS SUBSECTION.

(III) THE CARRIER WITH THE GREATEST MARKET SHARE PARTICIPATION IN THE SUBSTANTIAL, AFFORDABLE, AND AVAILABLE COVERAGE PROGRAM SHALL USE AN AMOUNT EQUAL TO THE CONTRIBUTION DERIVED UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH TO PROVIDE THE SHORT-TERM PRESCRIPTION DRUG SUBSIDY PLAN CREATED UNDER TITLE 15, SUBTITLE 6 OF THE HEALTH - GENERAL ARTICLE.

(IV) 1. EXCEPT AS PROVIDED IN SUB-SUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, THE HEALTH SERVICES COST REVIEW COMMISSION SHALL ANNUALLY ASSESS ANY CARRIER OTHER THAN THE CARRIER DESCRIBED UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH FOR THE CARRIER'S CONTRIBUTION AND SHALL TRANSFER THE CONTRIBUTION TO THE TREASURER OF THE STATE, FOR PAYMENT INTO THE SHORT-TERM PRESCRIPTION DRUG SUBSIDY FUND CREATED UNDER § 15-604 OF THE HEALTH - GENERAL ARTICLE.

2. A. ON OR BEFORE JULY 1, 2000, A CARRIER ASSESSED UNDER THIS SUBPARAGRAPH MAY CHOOSE INSTEAD TO USE AN AMOUNT EQUAL TO THE CONTRIBUTION DERIVED UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH TO PROVIDE A SHORT-TERM PRESCRIPTION DRUG SUBSIDY PLAN THAT EQUALS IN BENEFITS OFFERED, CO-PAYS, DEDUCTIBLES, PREMIUMS, AND LIMITS THE SHORT-TERM PRESCRIPTION DRUG SUBSIDY PLAN CREATED UNDER TITLE 15, SUBTITLE 6 OF THE HEALTH - GENERAL ARTICLE.

B. A CARRIER IS NOT REQUIRED, IN PROVIDING A PLAN UNDER THIS SUB-SUBPARAGRAPH, TO OFFER ANY OTHER BENEFIT OTHERWISE REQUIRED UNDER TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE OR TITLE 15, SUBTITLE 8 OF THE INSURANCE ARTICLE.

(V) 1. THE MAXIMUM ENROLLMENT REQUIRED OF THE CARRIER PROVIDING THE PLAN UNDER § 15-603(A)(1) OF THE HEALTH - GENERAL ARTICLE MAY BE REDUCED BY THE PROJECTED NUMBER OF ENROLLEES OF ANY PLAN OFFERED UNDER SUBPARAGRAPH (IV)2 OF THIS PARAGRAPH.

2. THE DETERMINATION AS TO THE NUMBER OF ENROLLEES TO BE COVERED UNDER EACH PLAN SHALL BE MADE JOINTLY BY THE MARYLAND INSURANCE ADMINISTRATION AND THE SECRETARY OF HEALTH AND MENTAL HYGIENE.

(VI) IF A CARRIER WITHDRAWS FROM THE SUBSTANTIAL, AFFORDABLE, AND AVAILABLE COVERAGE PROGRAM, THE COMMISSION SHALL RECALCULATE THE CONTRIBUTIONS TO THE PRESCRIPTION DRUG SUBSIDY PLAN FOR THE REMAINING CARRIERS.

SECTION 2. AND BE IT FURTHER ENACTED, That the Health Services Cost Review Commission may not take steps to eliminate or adjust the differential in hospital rates provided to carriers who provide a substantial, affordable, and available product in the nongroup market, under § 15-606 of the Insurance Article and the regulations of the Commission, as those rates were in effect

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on January 1, 2000, until the later of the termination of the Short-Term Prescription Drug Subsidy Plan created under this Act or the end of June 30, 2002.

SECTION 3. AND BE IT FURTHER ENACTED, That the Secretary of Health and Mental Hygiene shall study the cost of providing access to managed care for Medicare Plus Choice-eligible individuals residing in urban, suburban, and rural areas throughout the State and shall report the results of the study to the Governor and, in accordance with § 2-1246 of the State Government Article, to the General Assembly, on or before January 1, 2001."

AMENDMENT NO. 7

On page 5, in line 25, strike "2." and substitute "4."; in line 26, strike "It shall remain effective for a period of 2 years and, at" and substitute "On the earlier of"; and in line 33, after "21401" insert "not later than 90 days before prescription drug benefits are to be provided".