HOUSE BILL 3

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(PRE-FILED)

By: **Delegates Busch, Taylor, Dewberry, Hurson, Guns, Harrison, Hixson, Howard, Kopp, Menes, Montague, Owings, Rawlings, Rosenberg, and Vallario**

Requested: November 15, 1999
Introduced and read first time: January 12, 2000
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance for All Marylanders Act**

3 FOR the purpose of establishing a health insurance subsidy program for certain
4 low-income individuals; establishing a program through which certain
5 high-risk individuals can obtain health insurance; establishing a board to
6 administer certain programs; specifying the terms of the initial members of the
7 board; providing for the powers and duties of the board; defining certain terms;
8 providing the eligibility criteria for certain programs; providing for the
9 enrollment process for certain programs; providing that certain programs are
10 limited by certain funding; providing for a certain assessment to fund certain
11 programs; establishing a certain fund; requiring the board to draft certain
12 regulations; requiring the board to establish certain benefit levels; eliminating
13 certain requirements placed on the Maryland Health Care Commission;
14 exempting a certain insurance plan from certain taxation requirements;
15 requiring the Health Services Cost Review Commission to account for a certain
16 assessment when determining hospital rates; providing that enrollment for
17 certain programs may not begin until a certain time; requiring that a certain
18 program be maintained until a certain time; and generally relating to health
19 insurance coverage for low-income and medically uninsurable individuals.

20 BY repealing and reenacting, with amendments,
21 Article - Insurance
22 Section 6-101
23 Annotated Code of Maryland
24 (1997 Volume and 1999 Supplement)

25 BY repealing
26 Article - Insurance
27 Section 15-606
28 Annotated Code of Maryland
29 (1997 Volume and 1999 Supplement)

1 BY adding to
2 Article - Insurance
3 Section 15-1601 through 15-1630, inclusive, to be under the new subtitle
4 "Subtitle 16. Maryland Health Insurance Governing Board"
5 Annotated Code of Maryland
6 (1997 Volume and 1999 Supplement)

7 BY repealing and reenacting, with amendments,
8 Article - Health - General
9 Section 19-219
10 Annotated Code of Maryland
11 (1996 Replacement Volume and 1999 Supplement)

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

14 **Article - Insurance**

15 6-101.

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

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

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

20 (3) the Maryland Automobile Insurance Fund; and

21 (4) a credit indemnity company.

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

23 (1) a nonprofit health service plan corporation;

24 (2) a fraternal benefit society;

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

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

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

31 (6) THE MARYLAND HEALTH INSURANCE PLAN ESTABLISHED UNDER
32 TITLE 15, SUBTITLE 16 OF THIS ARTICLE.

1 [15-606.

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

3 (1) an insurer;

4 (2) a nonprofit health service plan;

5 (3) a health maintenance organization;

6 (4) a dental plan organization; or

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

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

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

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

18 (ii) their impact on maintaining and improving health and
19 encouraging consumers to use only the health care services they need; and

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

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

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

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

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

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

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

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

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

7 SUBTITLE 16. MARYLAND HEALTH INSURANCE GOVERNING BOARD.

8 PART I. ESTABLISHMENT OF THE BOARD.

9 15-1601.

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

12 (B) "BOARD" MEANS THE MARYLAND HEALTH INSURANCE GOVERNING
13 BOARD.

14 (C) "CARRIER" MEANS:

15 (1) AN AUTHORIZED INSURER THAT PROVIDES HEALTH INSURANCE IN
16 THE STATE;

17 (2) A NONPROFIT HEALTH SERVICE PLAN THAT IS LICENSED TO
18 OPERATE IN THE STATE;

19 (3) A HEALTH MAINTENANCE ORGANIZATION THAT IS LICENSED TO
20 OPERATE IN THE STATE;

21 (4) THE MARYLAND HEALTH INSURANCE PLAN; OR

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

24 (D) "FUND" MEANS THE MARYLAND INSURANCE GOVERNING BOARD FUND.

25 15-1602.

26 (A) THERE IS A MARYLAND HEALTH INSURANCE GOVERNING BOARD.

27 (B) THE BOARD IS AN INDEPENDENT BOARD THAT FUNCTIONS IN THE
28 ADMINISTRATION.

29 (C) THE PURPOSE OF THE BOARD IS TO OVERSEE THE PROVISION OF HEALTH
30 INSURANCE TO LOW-INCOME AND MEDICALLY UNINSURABLE INDIVIDUALS
31 THROUGH PROGRAMS ESTABLISHED UNDER THIS SUBTITLE.

1 15-1603.

2 (A) THE BOARD CONSISTS OF 9 MEMBERS, OF WHOM:

3 (1) ONE SHALL BE THE INSURANCE COMMISSIONER;

4 (2) ONE SHALL BE THE EXECUTIVE DIRECTOR OF THE MARYLAND
5 HEALTH CARE COMMISSION;

6 (3) ONE SHALL BE THE SECRETARY OF HEALTH AND MENTAL HYGIENE
7 OR THE SECRETARY'S DESIGNEE;

8 (4) THREE SHALL BE KNOWLEDGEABLE ABOUT THE INSURANCE
9 BUSINESS, BUT NOT OFFICERS OR EMPLOYEES OF A CARRIER OR CONSULTANTS TO A
10 CARRIER;

11 (5) ONE SHALL BE AN EMPLOYER IN THE STATE WITH FEWER THAN 100
12 EMPLOYEES;

13 (6) ONE SHALL REPRESENT ORGANIZED LABOR; AND

14 (7) ONE SHALL BE A CONSUMER MEMBER WHO DOES NOT HAVE A
15 SUBSTANTIAL FINANCIAL INTEREST IN A PERSON REGULATED UNDER THIS
16 ARTICLE.

17 (B) THE MEMBERS OF THE BOARD, EXCEPT THE EX OFFICIO MEMBERS, SHALL
18 BE APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE
19 SENATE.

20 (C) (1) THE TERM OF A MEMBER IS 4 YEARS.

21 (2) THE TERMS OF THE MEMBERS ARE STAGGERED AS REQUIRED BY
22 THE TERMS PROVIDED FOR MEMBERS ON OCTOBER 1, 2000.

23 (3) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL A
24 SUCCESSOR IS APPOINTED AND QUALIFIES.

25 (4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES
26 ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND
27 QUALIFIES.

28 (D) THE GOVERNOR MAY REMOVE A MEMBER FOR NEGLECT OF DUTY,
29 INCOMPETENCE, OR MISCONDUCT.

30 15-1604.

31 (A) THE GOVERNOR SHALL APPOINT THE CHAIRMAN OF THE BOARD.

32 (B) THE CHAIRMAN MAY APPOINT A VICE CHAIRMAN OF THE BOARD.

1 15-1605.

2 (A) WITH THE APPROVAL OF THE GOVERNOR, THE BOARD SHALL APPOINT AN
3 EXECUTIVE DIRECTOR WHO SHALL BE THE CHIEF ADMINISTRATIVE OFFICER OF THE
4 BOARD.

5 (B) THE EXECUTIVE DIRECTOR AND THE DEPUTY DIRECTORS SERVE AT THE
6 PLEASURE OF THE BOARD.

7 (C) (1) THE EXECUTIVE DIRECTOR AND THE DEPUTY DIRECTORS SHALL BE
8 EXECUTIVE SERVICE OR MANAGEMENT SERVICE EMPLOYEES.

9 (2) THE BOARD, IN CONSULTATION WITH THE COMMISSIONER, SHALL
10 DETERMINE THE APPROPRIATE JOB CLASSIFICATION AND, SUBJECT TO THE STATE
11 BUDGET, THE COMPENSATION FOR THE EXECUTIVE DIRECTOR AND THE DEPUTY
12 DIRECTORS.

13 (D) UNDER THE DIRECTION OF THE BOARD, THE EXECUTIVE DIRECTOR
14 SHALL PERFORM ANY DUTY OR FUNCTION THAT THE BOARD REQUIRES.

15 15-1606.

16 (A) A MAJORITY OF THE MEMBERS OF THE BOARD CONSTITUTES A QUORUM.

17 (B) THE BOARD SHALL MEET AT LEAST SIX TIMES EACH YEAR, AT THE TIMES
18 AND PLACES THAT IT DETERMINES.

19 (C) (1) EACH MEMBER OF THE BOARD, EXCEPT FOR AN EX OFFICIO
20 MEMBER, IS ENTITLED TO COMPENSATION IN ACCORDANCE WITH THE STATE
21 BUDGET.

22 (2) EACH MEMBER OF THE BOARD IS ENTITLED TO REIMBURSEMENT
23 FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED
24 IN THE STATE BUDGET.

25 (D) (1) THE BOARD MAY EMPLOY A STAFF IN ACCORDANCE WITH THE STATE
26 BUDGET.

27 (2) STAFF HIRED ARE IN THE EXECUTIVE SERVICE, MANAGEMENT
28 SERVICE, OR ARE SPECIAL APPOINTMENTS IN THE STATE PERSONNEL MANAGEMENT
29 SYSTEM.

30 (3) THE BOARD, IN CONSULTATION WITH THE COMMISSIONER, SHALL
31 DETERMINE THE APPROPRIATE JOB CLASSIFICATIONS AND GRADES FOR ALL STAFF.

32 (E) IN ADDITION TO THE DUTIES SET FORTH ELSEWHERE IN THIS SUBTITLE,
33 THE COMMISSION SHALL:

34 (1) ADOPT REGULATIONS THAT RELATE TO ITS MEETINGS, MINUTES,
35 AND TRANSACTIONS;

1 (2) KEEP MINUTES OF EACH MEETING; AND

2 (3) PREPARE ANNUALLY A BUDGET PROPOSAL THAT INCLUDES THE
3 ESTIMATED INCOME OF THE BOARD AND PROPOSED EXPENSES FOR ITS
4 ADMINISTRATION AND OPERATION.

5 15-1607.

6 (A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE BOARD
7 SHALL ASSESS A FEE ON HOSPITALS AND AMBULATORY SURGICAL CENTERS EQUAL
8 TO 1% OF ANNUAL GROSS REVENUE.

9 (2) THE BOARD, IN CONSULTATION WITH THE HEALTH SERVICES COST
10 REVIEW COMMISSION, SHALL REDETERMINE THE ASSESSMENT ON HOSPITALS IF
11 THE BOARD FINDS THAT A 1% ASSESSMENT SIGNIFICANTLY INCREASES COSTS TO
12 MEDICARE OR WILL RESULT IN THE LOSS OF MARYLAND'S MEDICARE WAIVER
13 UNDER § 1814(B) OF THE SOCIAL SECURITY ACT.

14 (B) THE BOARD SHALL ASSESS EACH FACILITY ON OR BEFORE JUNE 30 OF
15 EACH YEAR.

16 (C) ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, EACH FACILITY ASSESSED
17 UNDER THIS SECTION SHALL MAKE PAYMENT TO THE BOARD.

18 (D) (1) THERE IS A MARYLAND HEALTH INSURANCE GOVERNING BOARD
19 FUND.

20 (2) THE FUND IS A SPECIAL, CONTINUING, NONLAPSING FUND THAT IS
21 NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

22 (3) THE TREASURER SHALL SEPARATELY HOLD, AND THE
23 COMPTROLLER SHALL ACCOUNT FOR, THE FUND.

24 (4) THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME
25 MANNER AS OTHER STATE FUNDS.

26 (5) ANY INVESTMENT EARNINGS SHALL BE RETAINED TO THE CREDIT
27 OF THE FUND.

28 (6) THE FUND SHALL BE SUBJECT TO AN AUDIT BY THE OFFICE OF
29 LEGISLATIVE AUDITS AS PROVIDED FOR IN § 2-1220 OF THE STATE GOVERNMENT
30 ARTICLE.

31 (7) THIS SECTION MAY NOT BE CONSTRUED TO PROHIBIT THE FUND
32 FROM RECEIVING FUNDS FROM ANY OTHER SOURCE.

33 (8) THE FUND SHALL BE USED ONLY TO PROVIDE FUNDING FOR THE
34 BOARD AND FOR THE PURPOSES AUTHORIZED UNDER THIS SUBTITLE.

1 15-1608. RESERVED.

2 15-1609. RESERVED.

3 PART II. MARYLAND HEALTH INSURANCE ASSISTANCE PROGRAM.

4 15-1610.

5 (A) IN PART II OF THIS SUBTITLE, THE FOLLOWING WORDS HAVE THE
6 MEANINGS INDICATED.

7 (B) "BASIC PLAN" MEANS THE BASIC INDIVIDUAL HEALTH BENEFIT PLAN
8 ESTABLISHED BY THE BOARD IN ACCORDANCE WITH § 15-1613 OF THIS SUBTITLE TO
9 BE OFFERED TO INDIVIDUALS UNDER THE PROGRAM.

10 (C) "BOARD" MEANS THE MARYLAND HEALTH INSURANCE GOVERNING
11 BOARD.

12 (D) "ELIGIBLE INDIVIDUAL" MEANS AN INDIVIDUAL WHO:

13 (1) IS A RESIDENT OF THE STATE;

14 (2) IS NOT ELIGIBLE FOR MEDICARE;

15 (3) HAS A HOUSEHOLD INCOME EQUAL TO OR LESS THAN 200% OF THE
16 FEDERAL POVERTY GUIDELINES;

17 (4) HAS BEEN WITHOUT HEALTH INSURANCE COVERAGE, EXCEPT
18 MEDICAID COVERAGE, FOR AT LEAST 6 MONTHS PRIOR TO OBTAINING COVERAGE
19 UNDER THE PROGRAM;

20 (5) HAS INVESTMENTS AND SAVINGS LESS THAN THE LIMIT
21 ESTABLISHED BY THE BOARD; AND

22 (6) MEETS ANY OTHER ELIGIBILITY CRITERIA ESTABLISHED BY THE
23 BOARD.

24 (E) "ENROLLEE" MEANS AN INDIVIDUAL ENROLLED IN THE MARYLAND
25 HEALTH INSURANCE ASSISTANCE PROGRAM.

26 (F) (1) "HEALTH BENEFIT PLAN" MEANS:

27 (I) A POLICY OR CERTIFICATE FOR HOSPITAL OR MEDICAL
28 BENEFITS;

29 (II) A NONPROFIT HEALTH SERVICE PLAN; OR

30 (III) A HEALTH MAINTENANCE ORGANIZATION SUBSCRIBER OR
31 GROUP MASTER CONTRACT.

32 (2) "HEALTH BENEFIT PLAN" DOES NOT INCLUDE:

1 (I) ACCIDENT-ONLY INSURANCE;

2 (II) FIXED INDEMNITY INSURANCE;

3 (III) CREDIT HEALTH INSURANCE;

4 (IV) MEDICARE SUPPLEMENT POLICIES;

5 (V) CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE
6 UNIFORMED SERVICES (CHAMPUS) SUPPLEMENT POLICIES;

7 (VI) LONG-TERM CARE INSURANCE;

8 (VII) DISABILITY INCOME INSURANCE;

9 (VIII) COVERAGE ISSUED AS A SUPPLEMENT TO LIABILITY
10 INSURANCE;

11 (IX) WORKERS' COMPENSATION OR SIMILAR INSURANCE;

12 (X) DISEASE-SPECIFIC INSURANCE;

13 (XI) AUTOMOBILE MEDICAL PAYMENT INSURANCE;

14 (XII) DENTAL INSURANCE; OR

15 (XIII) VISION INSURANCE.

16 (J) "PROGRAM" MEANS THE MARYLAND HEALTH INSURANCE ASSISTANCE
17 PROGRAM.

18 (K) "THIRD PARTY ADMINISTRATOR" MEANS A PERSON THAT IS REGISTERED
19 AS AN ADMINISTRATOR UNDER TITLE 8, SUBTITLE 3 OF THIS ARTICLE.

20 15-1611.

21 (A) THERE IS A MARYLAND HEALTH INSURANCE ASSISTANCE PROGRAM.

22 (B) THE PURPOSE OF THE PROGRAM IS TO PROVIDE FINANCIAL ASSISTANCE
23 FOR THE PURCHASE OF HEALTH INSURANCE COVERAGE TO LOW-INCOME
24 INDIVIDUALS IN ORDER TO:

25 (I) IMPROVE THE HEALTH STATUS OF RESIDENTS OF THE STATE; AND

26 (II) DECREASE HOSPITAL UNCOMPENSATED CARE COSTS.

27 15-1612.

28 (A) THE BOARD SHALL FORMULATE POLICY FOR AND MANAGE THE PROGRAM.

29 (B) (1) THE BOARD MAY ENTER INTO A CONTRACT WITH A THIRD PARTY
30 ADMINISTRATOR TO PERFORM ADMINISTRATIVE FUNCTIONS.

1 (2) DUTIES OF A THIRD PARTY ADMINISTRATOR MAY INCLUDE:

2 (I) ELIGIBILITY DETERMINATION;

3 (II) DATA COLLECTION;

4 (III) SUBSIDY PAYMENT;

5 (IV) FINANCIAL TRACKING AND REPORTING; AND

6 (V) ANY OTHER SERVICE THAT THE BOARD DEEMS NECESSARY
7 FOR THE ADMINISTRATION OF THE PROGRAM.

8 15-1613.

9 (A) THE BOARD SHALL DEVELOP A UNIFORM SET OF BENEFITS, INCLUDING
10 COST-SHARING ARRANGEMENTS TO BE OFFERED UNDER THE BASIC INDIVIDUAL
11 HEALTH BENEFIT PLAN.

12 (B) THE BOARD SHALL REQUIRE THAT THE MINIMUM BENEFITS ALLOWED TO
13 BE OFFERED IN THE BASIC PLAN:

14 (1) BY A HEALTH MAINTENANCE ORGANIZATION, SHALL INCLUDE AT
15 LEAST THE ACTUARIAL EQUIVALENT OF THE MINIMUM BENEFITS REQUIRED TO BE
16 OFFERED BY A FEDERALLY QUALIFIED HEALTH MAINTENANCE ORGANIZATION; AND

17 (2) BY AN INSURER OR NONPROFIT HEALTH SERVICE PLAN ON AN
18 EXPENSE-INCURRED BASIS, SHALL BE ACTUARIALLY EQUIVALENT TO AT LEAST THE
19 MINIMUM BENEFITS REQUIRED TO BE OFFERED UNDER ITEM (1) OF THIS
20 SUBSECTION.

21 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE BOARD
22 SHALL EXCLUDE OR LIMIT BENEFITS OR ADJUST COST-SHARING ARRANGEMENTS IN
23 THE BASIC PLAN IF THE AVERAGE RATE FOR THE BASIC PLAN EXCEEDS 10% OF THE
24 AVERAGE ANNUAL WAGE IN THE STATE.

25 (2) THE BOARD SHALL ANNUALLY DETERMINE THE AVERAGE RATE FOR
26 THE BASIC PLAN BY USING THE AVERAGE RATE SUBMITTED BY EACH CARRIER THAT
27 OFFERS THE BASIC PLAN.

28 (D) IN ESTABLISHING BENEFITS, THE BOARD SHALL JUDGE PREVENTIVE
29 SERVICES, MEDICAL TREATMENTS, PROCEDURES, AND RELATED HEALTH SERVICES
30 BASED ON:

31 (1) THEIR EFFECTIVENESS IN IMPROVING THE HEALTH STATUS OF
32 INDIVIDUALS;

33 (2) THEIR IMPACT ON MAINTAINING AND IMPROVING HEALTH AND ON
34 REDUCING THE UNNECESSARY CONSUMPTION OF HEALTH CARE SERVICES; AND

1 (3) THEIR IMPACT ON THE AFFORDABILITY OF HEALTH CARE
2 COVERAGE.

3 (E) THE BOARD MAY EXCLUDE:

4 (1) A HEALTH CARE SERVICE, BENEFIT, COVERAGE, OR
5 REIMBURSEMENT FOR COVERED HEALTH CARE SERVICES THAT IS REQUIRED
6 UNDER THIS ARTICLE OR THE HEALTH - GENERAL ARTICLE TO BE PROVIDED OR
7 OFFERED IN A HEALTH BENEFIT PLAN THAT IS ISSUED OR DELIVERED IN THE STATE
8 BY A CARRIER; OR

9 (2) REIMBURSEMENT REQUIRED BY STATUTE, BY A HEALTH BENEFIT
10 PLAN FOR A SERVICE WHEN THAT SERVICE IS PERFORMED BY A HEALTH CARE
11 PROVIDER WHO IS LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE AND
12 WHOSE SCOPE OF PRACTICE INCLUDES THAT SERVICE.

13 (F) THE BASIC PLAN SHALL INCLUDE UNIFORM DEDUCTIBLES AND
14 COST-SHARING ASSOCIATED WITH ITS BENEFITS, AS DETERMINED BY THE BOARD.

15 (G) IN ESTABLISHING COST-SHARING AS PART OF THE BASIC PLAN, THE
16 BOARD SHALL:

17 (1) INCLUDE COST-SHARING AND OTHER INCENTIVES TO HELP
18 PREVENT CONSUMERS FROM SEEKING UNNECESSARY SERVICES;

19 (2) BALANCE THE EFFECT OF COST-SHARING IN REDUCING PREMIUMS
20 AND IN EFFECTING UTILIZATION OF APPROPRIATE SERVICES; AND

21 (3) LIMIT THE TOTAL COST-SHARING THAT MAY BE INCURRED BY AN
22 INDIVIDUAL IN A YEAR.

23 15-1614.

24 (A) TO APPLY FOR COVERAGE UNDER THE PROGRAM, AN INDIVIDUAL SHALL
25 SUBMIT A WRITTEN APPLICATION TO THE BOARD OR A THIRD PARTY
26 ADMINISTRATOR WITH WHICH THE BOARD HAS CONTRACTED, AS DETERMINED BY
27 THE BOARD.

28 (B) AN ELIGIBLE INDIVIDUAL SHALL EITHER BE ENROLLED IN THE PROGRAM
29 OR PLACED ON A WAITING LIST.

30 (C) SUBJECT TO SUBSECTION (D) OF THIS SECTION, THE BOARD OR THIRD
31 PARTY ADMINISTRATOR SHALL ISSUE ASSISTANCE VOUCHERS IN AN AMOUNT
32 DETERMINED UNDER § 15-1615 OF THIS SUBTITLE TO:

33 (1) AN ENROLLEE; OR

34 (2) A HEALTH INSURANCE CARRIER DESIGNATED BY THE ENROLLEE.

35 (D) (1) ASSISTANCE VOUCHERS MAY NOT EXCEED THE AMOUNT
36 CONTRIBUTED BY AN ENROLLEE TO AN EMPLOYER-SPONSORED HEALTH BENEFIT

1 PLAN OR THE PREMIUM PAID BY AN ENROLLEE FOR AN INDIVIDUAL HEALTH
2 BENEFIT PLAN.

3 (2) ASSISTANCE VOUCHERS MAY NOT BE USED TO PAY DEDUCTIBLES OR
4 COPAYMENT EXPENSES.

5 (3) ASSISTANCE VOUCHERS MAY NOT BE USED TO SUBSIDIZE
6 PREMIUMS FOR A HEALTH BENEFIT PLAN WHERE PREMIUMS ARE WHOLLY PAID BY
7 THE ELIGIBLE INDIVIDUAL'S EMPLOYER.

8 (E) THE BOARD MAY ISSUE ASSISTANCE VOUCHERS TO AN ENROLLEE IN
9 ADVANCE OF A PURCHASE OF A HEALTH BENEFIT PLAN.

10 (F) AN ENROLLEE MUST ENROLL IN A GROUP HEALTH BENEFIT PLAN IF:

11 (1) THE ENROLLEE IS ELIGIBLE FOR PARTICIPATION IN THE PLAN
12 THROUGH THE ENROLLEE'S EMPLOYER; AND

13 (2) THE ENROLLEE'S EMPLOYER CONTRIBUTES TO THE PREMIUM COST
14 OF THE PLAN.

15 (G) THE BOARD SHALL ASSIST AN ENROLLEE WHO IS NOT ELIGIBLE FOR
16 COVERAGE UNDER A GROUP HEALTH BENEFIT PLAN IN SELECTING A CARRIER THAT
17 OFFERS THE BASIC PLAN BY:

18 (1) PROVIDING EACH ENROLLEE WITH A LIST OF CARRIERS THAT OFFER
19 THE BASIC PLAN; AND

20 (2) DEVELOPING MATERIAL THAT EXPLAINS THE DIFFERENCES IN
21 BENEFITS, COST-SHARING, AND PREMIUMS AMONG THE CARRIERS THAT OFFER THE
22 BASIC PLAN.

23 (H) AN ENROLLEE WHO IS ELIGIBLE FOR COVERAGE UNDER THE MARYLAND
24 HEALTH INSURANCE PLAN IN ACCORDANCE WITH PART III OF THIS SUBTITLE, SHALL
25 OBTAIN COVERAGE THROUGH THE MARYLAND HEALTH INSURANCE PLAN.

26 (I) AN ENROLLEE SHALL REMAIN ELIGIBLE FOR THE PROGRAM IN
27 ACCORDANCE WITH CRITERIA ESTABLISHED BY THE BOARD.

28 15-1615.

29 (A) THE BOARD SHALL ESTABLISH SUBSIDY LEVELS ON A SLIDING SCALE
30 BASED ON:

31 (1) HOUSEHOLD INCOME;

32 (2) NUMBER OF DEPENDENTS; AND

33 (3) ANY OTHER FACTOR THAT THE BOARD DETERMINES IS RELEVANT.

1 (B) THE SUBSIDIES SHALL BE REASONABLY CALCULATED TO ENCOURAGE
2 PARTICIPATION IN THE PROGRAM.

3 15-1616.

4 (A) NOTWITHSTANDING THE ELIGIBILITY CRITERIA ESTABLISHED UNDER
5 THIS SUBTITLE AND ANY REGULATIONS ADOPTED IN ACCORDANCE WITH THIS
6 SUBTITLE, ELIGIBLE INDIVIDUALS SHALL BE ENROLLED IN THE PROGRAM ONLY TO
7 THE EXTENT ALLOWED BY THE FUND AS DETERMINED BY THE BOARD.

8 (B) THE BOARD SHALL LIMIT ENROLLMENT IN THE PROGRAM TO ENSURE
9 THAT THE FUND BALANCE IS ADEQUATE TO COVER EXPENSES AND PREMIUM COSTS.

10 (C) AN ENROLLEE SHALL BE PLACED ON A WAITING LIST IF FUNDS ARE NOT
11 AVAILABLE AT THE TIME THE ENROLLEE IS DETERMINED TO BE ELIGIBLE FOR THE
12 PROGRAM.

13 15-1617.

14 (A) THE BOARD SHALL ADOPT REGULATIONS NECESSARY TO MANAGE THE
15 PROGRAM, INCLUDING REGULATIONS ESTABLISHING:

16 (1) ELIGIBILITY REQUIREMENTS;

17 (2) APPLICATION PROCEDURES;

18 (3) MINIMUM BENEFIT REQUIREMENTS AND COST-SHARING
19 ARRANGEMENTS FOR THE BASIC PLAN;

20 (4) SUBSIDY LEVELS; AND

21 (5) CARRIER PARTICIPATION.

22 15-1618.

23 (A) THE BOARD SHALL SUBMIT AN ANNUAL REPORT TO THE GOVERNOR AND
24 THE GENERAL ASSEMBLY IN ACCORDANCE WITH § 2-1246 OF THE STATE
25 GOVERNMENT ARTICLE.

26 (B) THE REPORT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL
27 INCLUDE THE FOLLOWING INFORMATION:

28 (1) NUMBER OF INDIVIDUALS ENROLLED IN THE PROGRAM DURING THE
29 YEAR IN QUESTION;

30 (2) NUMBER OF INDIVIDUALS PLACED ON THE WAITING LIST DURING
31 THE YEAR IN QUESTION;

32 (3) TOTAL NUMBER OF INDIVIDUALS ENROLLED IN THE PROGRAM;

33 (4) TOTAL NUMBER OF APPLICANTS ON THE WAITING LIST;

1 (5) NUMBER OF ENROLLEES COVERED UNDER THE BASIC PLAN;

2 (6) NUMBER OF INDIVIDUALS COVERED UNDER AN
3 EMPLOYER-SPONSORED HEALTH BENEFIT PLAN;

4 (7) A LIST OF CARRIERS THAT OFFER THE BASIC PLAN;

5 (8) THE NUMBER OF INDIVIDUALS COVERED BY EACH CARRIER UNDER
6 THE BASIC PLAN;

7 (9) THE AVERAGE COST OF THE BASIC PLAN;

8 (10) THE AVERAGE COST OF THE EMPLOYER-SPONSORED HEALTH
9 BENEFIT PLANS THAT COVER ENROLLEES;

10 (11) THE AVERAGE SUBSIDY PAID FOR THE BASIC PLAN; AND

11 (12) THE AVERAGE SUBSIDY PAID FOR THE EMPLOYER-SPONSORED
12 HEALTH BENEFIT PLANS THAT COVER ENROLLEES.

13 15-1619. RESERVED.

14 15-1620. RESERVED.

15 PART III. MARYLAND HEALTH INSURANCE PLAN.

16 15-1621.

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

19 (B) "ELIGIBLE INDIVIDUAL" MEANS AN INDIVIDUAL WHO IS ELIGIBLE FOR
20 COVERAGE UNDER THE PLAN IN ACCORDANCE WITH § 15-1624 OF THIS SUBTITLE.

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

22 (D) "PLAN" MEANS THE MARYLAND HEALTH INSURANCE PLAN.

23 15-1622.

24 (A) THERE IS A MARYLAND HEALTH INSURANCE PLAN.

25 (B) THE PURPOSE OF THE PLAN IS TO PROVIDE COMPREHENSIVE HEALTH
26 INSURANCE COVERAGE TO INDIVIDUALS WITH PREEXISTING HEALTH PROBLEMS IN
27 ORDER TO IMPROVE THE HEALTH STATUS OF SUCH INDIVIDUALS AND TO REDUCE
28 HOSPITAL UNCOMPENSATED CARE COSTS.

1 15-1623.

2 (A) THE PLAN SHALL HAVE THE GENERAL POWERS AND AUTHORITY
3 GRANTED TO HEALTH INSURERS THAT HOLD A CERTIFICATE OF AUTHORITY UNDER
4 THIS ARTICLE.

5 (B) THE PLAN SHALL OPERATE UNDER THE SUPERVISION AND CONTROL OF
6 THE BOARD.

7 (C) THE BOARD SHALL:

8 (1) ESTABLISH PROCEDURES OF OPERATION FOR THE PLAN;

9 (2) ESTABLISH PROCEDURES FOR SELECTING AN ADMINISTRATOR IN
10 ACCORDANCE WITH § 15-1626 OF THIS SUBTITLE;

11 (3) ESTABLISH PROCEDURES FOR THE HANDLING, ACCOUNTING, AND
12 AUDITING OF ASSETS, FUNDS, AND CLAIMS OF THE PLAN AND THE PLAN
13 ADMINISTRATOR;

14 (4) DEVELOP, IMPLEMENT, AND MAINTAIN A PROGRAM TO PUBLICIZE
15 THE EXISTENCE OF THE PLAN, THE ELIGIBILITY REQUIREMENTS FOR THE PLAN,
16 AND PROCEDURES FOR ENROLLMENT UNDER THE PLAN; AND

17 (5) PROVIDE FOR ANY OTHER MATTERS AS MAY BE NECESSARY FOR THE
18 EXECUTION OF THE BOARD'S POWERS, DUTIES, AND OBLIGATIONS UNDER PART III
19 OF THIS SUBTITLE.

20 (D) THE BOARD SHALL HAVE THE AUTHORITY TO:

21 (1) ENTER INTO CONTRACTS NECESSARY TO CARRY OUT THE
22 PROVISIONS AND PURPOSES OF PART III OF THIS SUBTITLE INCLUDING A CONTRACT
23 FOR THE PERFORMANCE OF THE ADMINISTRATIVE FUNCTIONS OF THE PLAN.

24 (2) TAKE SUCH LEGAL ACTION AS NECESSARY:

25 (I) TO AVOID THE PAYMENT OF IMPROPER CLAIMS AGAINST THE
26 PLAN;

27 (II) TO RECOVER MONEY ERRONEOUSLY OR IMPROPERLY PAID BY
28 THE PLAN; AND

29 (III) TO RECOVER ANY OTHER MONEY DUE TO THE PLAN;

30 (3) ESTABLISH AND MODIFY RATES AND RATE SCHEDULES;

31 (4) ISSUE POLICIES OF INSURANCE IN ACCORDANCE WITH PART III OF
32 THIS SUBTITLE; AND

33 (5) PROVIDE FOR REINSURANCE OF RISKS INCURRED BY THE PLAN.

1 15-1624.

2 (A) AN INDIVIDUAL IS ELIGIBLE FOR COVERAGE UNDER THE PLAN IF:

3 (1) FOR HEALTH REASONS, AN INSURER HAS REFUSED TO ISSUE
4 SUBSTANTIALLY SIMILAR INSURANCE TO THE INDIVIDUAL WITHIN A TIME FRAME
5 DETERMINED BY THE BOARD;

6 (2) THE INDIVIDUAL HAS A HISTORY OF, OR SUFFERS FROM, A MEDICAL
7 OR HEALTH CONDITION THAT IS INCLUDED ON A LIST DEVELOPED BY THE BOARD IN
8 ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION; OR

9 (3) THE INDIVIDUAL IS THE SPOUSE OR DEPENDENT OF AN INDIVIDUAL
10 WHO IS ELIGIBLE UNDER THIS SECTION.

11 (B) THE BOARD SHALL, BY REGULATION, ADOPT A LIST OF MEDICAL OR
12 HEALTH CONDITIONS FOR WHICH AN INDIVIDUAL IS ELIGIBLE FOR PLAN COVERAGE
13 WITHOUT FIRST APPLYING FOR INSURANCE.

14 (C) AN INDIVIDUAL IS NOT ELIGIBLE FOR COVERAGE UNDER THE PLAN IF:

15 (1) THE INDIVIDUAL IS ELIGIBLE FOR MEDICARE;

16 (2) THE INDIVIDUAL HAS OR CAN OBTAIN HEALTH INSURANCE
17 COVERAGE SUBSTANTIALLY SIMILAR TO, OR MORE COMPREHENSIVE THAN, A PLAN
18 POLICY;

19 (3) THE INDIVIDUAL HAS TERMINATED PLAN COVERAGE WITHIN THE
20 LAST 12 MONTHS;

21 (4) THE INDIVIDUAL IS AN INMATE OR PATIENT IN A PUBLIC
22 INSTITUTION; OR

23 (5) THE BOARD HAS PAID OUT $1,000,000 IN BENEFITS ON BEHALF OF
24 THE INDIVIDUAL.

25 (D) AN INDIVIDUAL WHO CEASES TO MEET THE ELIGIBILITY REQUIREMENTS
26 OF THIS SECTION MAY BE TERMINATED AT THE END OF THE POLICY PERIOD FOR
27 WHICH THE NECESSARY PREMIUMS HAVE BEEN PAID.

28 15-1625.

29 IT IS UNLAWFUL FOR AN INSURER, INSURANCE AGENT, INSURANCE BROKER,
30 OR THIRD PARTY ADMINISTRATOR TO REFER AN INDIVIDUAL EMPLOYEE TO THE
31 PLAN, OR ARRANGE FOR AN INDIVIDUAL EMPLOYEE TO APPLY TO THE PLAN, FOR
32 THE PURPOSE OF SEPARATING THAT EMPLOYEE FROM THE GROUP HEALTH
33 INSURANCE COVERAGE PROVIDED IN CONNECTION WITH THE EMPLOYEE'S
34 EMPLOYMENT.

1 15-1626.

2 (A) THE BOARD SHALL SELECT A PLAN ADMINISTRATOR TO ADMINISTER THE
3 PLAN.

4 (B) THE PLAN ADMINISTRATOR SHALL PERFORM FUNCTIONS RELATING TO
5 THE PLAN AS REQUIRED BY THE BOARD, INCLUDING:

6 (1) DETERMINATION OF ELIGIBILITY;

7 (2) PAYMENT OF CLAIMS; AND

8 (3) ESTABLISHING A PREMIUM BILLING PROCEDURE.

9 (C) THE ADMINISTRATOR SHALL SUBMIT REGULAR REPORTS TO THE BOARD
10 REGARDING THE OPERATION OF THE PLAN.

11 (D) AFTER THE END OF EACH CALENDAR YEAR, THE ADMINISTRATOR SHALL
12 REPORT TO THE BOARD THE NET WRITTEN AND EARNED PREMIUMS, THE EXPENSE
13 OF THE ADMINISTRATION, AND THE PAID AND INCURRED LOSSES FOR THE YEAR.

14 15-1627.

15 (A) (1) THE BOARD SHALL ESTABLISH PREMIUM RATES FOR PLAN
16 COVERAGE.

17 (2) THE BOARD MAY ADOPT SEPARATE PREMIUM RATE SCHEDULES
18 BASED ON:

19 (I) AGE; AND

20 (II) GEOGRAPHY BASED ON THE FOLLOWING CONTIGUOUS AREAS
21 OF THE STATE:

22 1. THE BALTIMORE METROPOLITAN AREA;

23 2. THE DISTRICT OF COLUMBIA METROPOLITAN AREA;

24 3. WESTERN MARYLAND; AND

25 4. EASTERN AND SOUTHERN MARYLAND.

26 (3) PREMIUM RATES SHALL BE FILED WITH THE COMMISSIONER FOR
27 APPROVAL PRIOR TO USE.

28 (B) (1) THE BOARD SHALL DETERMINE A STANDARD RISK RATE BY
29 CALCULATING THE AVERAGE RATE CHARGED BY INSURERS OFFERING COVERAGES
30 COMPARABLE TO THAT OF THE PLAN.

1 (2) IN DETERMINING A STANDARD RISK RATE, THE BOARD SHALL
2 CONSIDER THE RATES THAT APPLY TO THE COMPREHENSIVE STANDARD HEALTH
3 BENEFIT PLAN ESTABLISHED UNDER § 15-1207 OF THIS TITLE.

4 (3) THE PREMIUM RATES FOR COVERAGE UNDER THE PLAN MAY NOT
5 EXCEED 110% OF RATES ESTABLISHED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

6 (C) (1) LOSSES INCURRED BY THE PLAN SHALL BE SUBSIDIZED BY THE
7 STATE THROUGH THE ASSESSMENT PROVIDED FOR IN § 15-1607 OF THIS SUBTITLE.

8 (2) THE BOARD SHALL OPERATE THE PLAN IN A MANNER SO THAT THE
9 ESTIMATED COST OF PROVIDING HEALTH INSURANCE COVERAGE DURING ANY
10 FISCAL YEAR WILL NOT EXCEED TOTAL INCOME THE PLAN EXPECTS TO RECEIVE
11 FROM POLICY PREMIUMS AND ASSESSMENTS.

12 (3) AFTER DETERMINING THE AMOUNT OF FUNDS AVAILABLE TO IT FOR
13 A FISCAL YEAR, THE BOARD SHALL ESTIMATE THE NUMBER OF NEW POLICIES THE
14 PLAN HAS THE FINANCIAL CAPACITY TO INSURE DURING THAT YEAR SO THAT COSTS
15 DO NOT EXCEED INCOME.

16 (4) THE BOARD SHALL TAKE STEPS NECESSARY TO ENSURE THAT PLAN
17 ENROLLMENT DOES NOT EXCEED THE NUMBER OF ENROLLEES THE PLAN HAS THE
18 FINANCIAL CAPACITY TO INSURE.

19 15-1628.

20 (A) THE PLAN SHALL OFFER COMPREHENSIVE HEALTH INSURANCE
21 COVERAGE.

22 (B) THE BOARD MAY ADOPT ONE OF THE FOLLOWING AS THE UNIFORM SET
23 OF BENEFITS TO BE OFFERED UNDER THE PLAN:

24 (1) THE BASIC INDIVIDUAL HEALTH BENEFIT PLAN DEVELOPED IN
25 ACCORDANCE WITH § 15-1613 OF THIS SUBTITLE; OR

26 (2) THE COMPREHENSIVE STANDARD HEALTH BENEFIT PLAN
27 ESTABLISHED UNDER § 15-1207 OF THIS TITLE.

28 (C) PLAN COVERAGE SHALL EXCLUDE CHARGES OR EXPENSES INCURRED
29 DURING THE FIRST 6 MONTHS FOLLOWING THE EFFECTIVE DATE OF COVERAGE FOR
30 ANY CONDITION FOR WHICH MEDICAL ADVICE, CARE, OR TREATMENT WAS
31 RECOMMENDED OR RECEIVED DURING THE 6-MONTH PERIOD IMMEDIATELY
32 PRECEDING THE EFFECTIVE DATE OF COVERAGE.

1 15-1629. RESERVED.

2 15-1630. RESERVED.

3 **Article - Health - General**

4 19-219.

5 (a) The Commission may review costs and rates and make any investigation
6 that the Commission considers necessary to assure each purchaser of health care
7 facility services that:

8 (1) The total costs of all hospital services offered by or through a facility
9 are reasonable;

10 (2) The aggregate rates of the facility are related reasonably to the
11 aggregate costs of the facility; and

12 (3) The rates are set equitably among all purchasers or classes of
13 purchasers without undue discrimination or preference.

14 (b) (1) To carry out its powers under subsection (a) of this section, the
15 Commission may review and approve or disapprove the reasonableness of any rate
16 that a facility sets or requests.

17 (2) A facility shall charge for services only at a rate set in accordance
18 with this subtitle.

19 (3) In determining the reasonableness of rates, the Commission may
20 take into account objective standards of efficiency and effectiveness.

21 (c) To promote the most efficient and effective use of health care facility
22 services and, if it is in the public interest and consistent with this subtitle, the
23 Commission may promote and approve alternate methods of rate determination and
24 payment that are of an experimental nature.

25 (D) (1) THE COMMISSION SHALL ADJUST HOSPITAL RATES TO TAKE INTO
26 ACCOUNT THE ASSESSMENT REQUIRED UNDER § 15-1607 OF THE INSURANCE
27 ARTICLE.

28 (2) THE COMMISSION MAY NOT CONSIDER THE ASSESSMENT REQUIRED
29 UNDER TITLE 15, SUBTITLE 16 OF THE INSURANCE ARTICLE IN DETERMINING:

30 (I) THE REASONABLENESS OF RATES UNDER THIS SUBTITLE; OR

31 (II) HOSPITAL FINANCIAL PERFORMANCE.

32 SECTION 2. AND BE IT FURTHER ENACTED, That the Health Services Cost
33 Review Commission shall continue to offer a differential in hospital rates to carriers
34 that provide a substantial, available, and affordable coverage product in the nongroup

1 market in accordance with regulations adopted by the Commission until October 1,
2 2001.

3 SECTION 3. AND BE IT FURTHER ENACTED, That the terms of the initial
4 members of the Maryland Health Insurance Governing Board appointed by the
5 Governor shall expire as follows:

6 (1) 2 members in 2002;

7 (2) 2 members in 2003; and

8 (3) 2 members in 2004.

9 SECTION 4. AND BE IT FURTHER ENACTED, That the Maryland Health
10 Insurance Governing Board may not enroll any individual in the Maryland Health
11 Insurance Assistance Program or the Maryland Health Insurance Plan until October
12 1, 2001.

13 SECTION 5. AND BE IT FURTHER ENACTED, That, subject to Section 4 of
14 this Act, this Act shall take effect October 1, 2000.