Unofficial Copy C3 2000 Regular Session 0lr1052 CF 0lr2843

By: Delegates Donoghue, Redmer, Ports, Cane, J. Kelly, Klausmeier, Eckardt, McClenahan, Kach, Wood, and Mitchell Introduced and read first time: February 10, 2000 Assigned to: Economic Matters Committee Report: Favorable with amendments House action: Adopted Read second time: March 22, 2000 CHAPTER 1 AN ACT concerning 2 Health Insurance - Small Group Market - Eligibility Requirements 3 FOR the purpose of altering certain criteria for determining when a person is considered a small employer for purposes of small group market health 4 insurance; altering certain criteria for determining when an employee is 5 considered to be an eligible employee; eliminating certain self employed 6 individuals from being considered small employers; altering certain minimum 7 8 participation requirements; providing for a certain health benefit plan with a 9 high deductible; authorizing a carrier to impose a preexisting condition 10 provision under certain circumstances; altering certain definitions; requiring the Maryland Health Care Commission to submit a certain report to the 11 Economic Matters Committee and the Finance Committee on or before a certain 12 13 date; requiring the Maryland Health Care Commission to study the feasibility 14 and desirability of developing a high deductible health benefit plan for small 15 employers; and generally relating to eligibility of small employers and employees under small group market health insurance. 16 17 BY repealing and reenacting, without amendments, Article - Insurance 18 19 Section 15-1201(e) and (g), 15-1207(a), 15-1208, and 15-1210(a) 20 Annotated Code of Maryland (1997 Volume and 1999 Supplement) 21

Section 15 1201(e) and (g), 15-1203, and 15-1206(c), 15 1207(a), 15 1208, and

22 BY repealing and reenacting, with amendments,

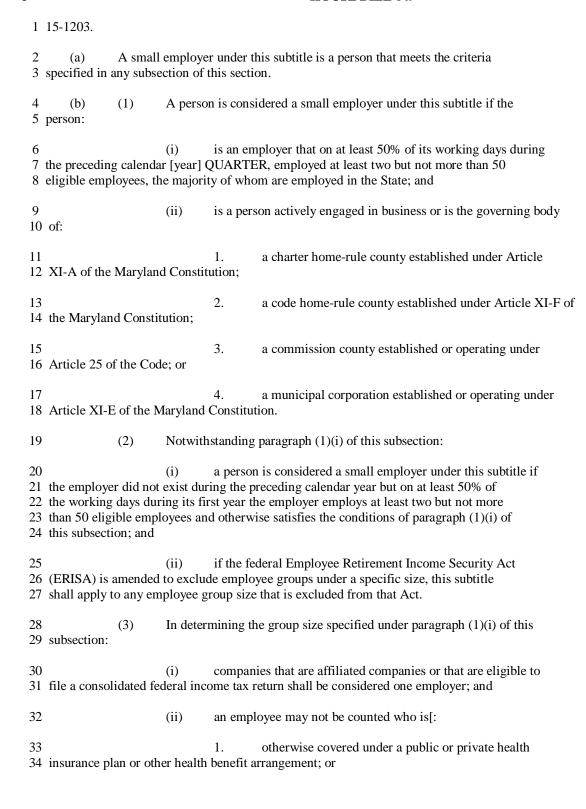
Article - Insurance

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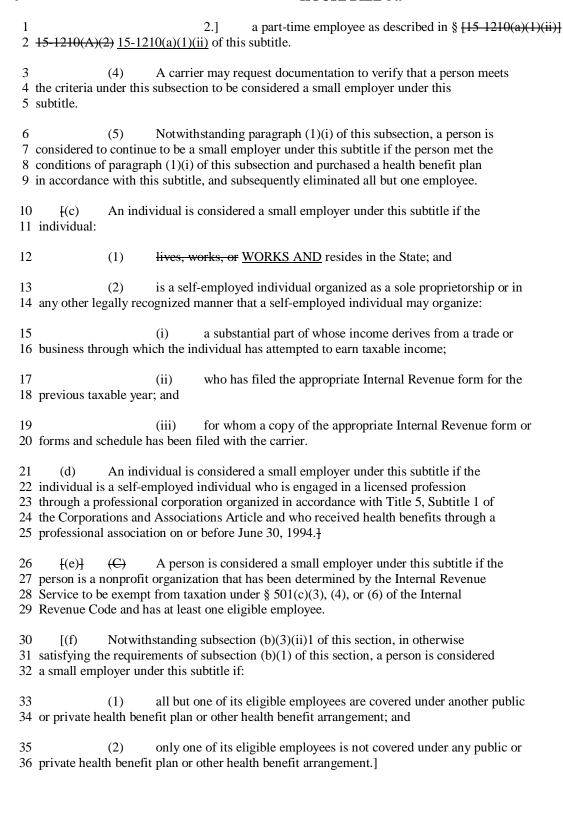
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1 2 3	15 1210(a) Annotated Code of Maryland (1997 Volume and 1999 Supplement)							
4 5	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:							
6	Article - Insurance							
7	15-1201.							
8	(e) (1) "Eligible employee" means:							
9	(i) an individual who:							
	1. is an employee, {sole proprietor, self-employed individual,} partner of a partnership, or independent contractor who is included as an employee under a health benefit plan; and							
13 14	2. works on a full-time basis and has a normal workweek of at least 30 hours; or							
	a sole employee of a nonprofit organization that has been determined by the Internal Revenue Service to be exempt from taxation under § 501(c)(3), (4), or (6) of the Internal Revenue Code who:							
18	1. has a normal workweek of at least 20 hours; and							
19 20	2. is not covered under a public or private plan for health insurance or other health benefit arrangement.							
21	(2) "Eligible employee" does not include an individual who works:							
22	(i) on a temporary or substitute basis; or							
23 24	(ii) except for an individual described in paragraph (1)(ii) of this subsection, for less than 30 hours in a normal workweek.							
25	(g) "Late enrollee" means{:							
	(1)} an eligible employee or dependent who requests enrollment in a health benefit plan after the initial enrollment period provided under the health benefit plan{; or							
31	(2) a self-employed individual described in § 15-1203(c) or (d) of this subtitle or dependent who requests enrollment in a health benefit plan after an annual open enrollment period for self-employed individuals established by the carrier in accordance with regulations adopted by the Commissioner.							

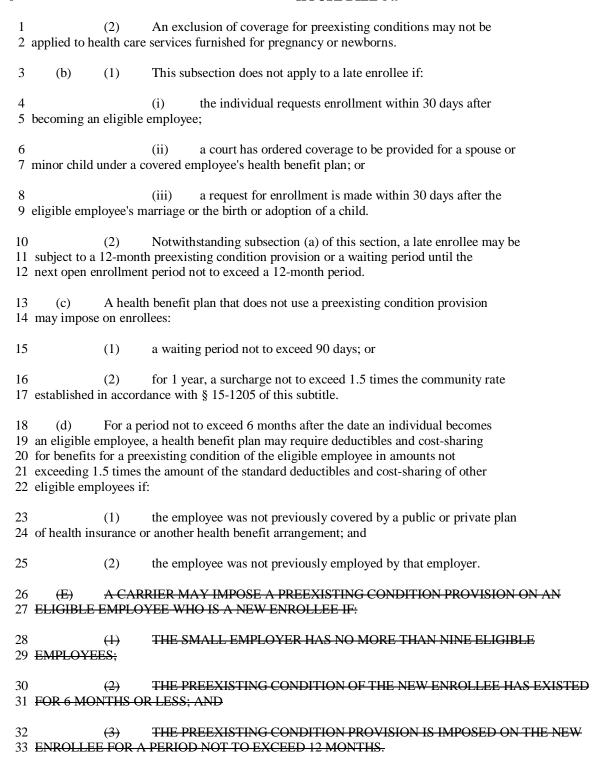


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1	15-1206.								
	(c) (1) Subject to the approval of the Commissioner and as provided under this subsection and § 15-1209(d) of this subtitle, a carrier may impose reasonable minimum participation requirements.								
5 6		A carrier may not impose a requirement for minimum participation es of a small employer that is greater than 75%.							
9 10 11	(3) In applying a minimum participation requirement to determine whether the applicable percentage of participation is met, a carrier may not consider as eligible employees those who have GROUP SPOUSAL coverage under a public or private plan of health insurance or another EMPLOYER'S health benefit arrangement, including Medicare, Medicaid, and CHAMPUS, that provides benefits similar to or exceeding the benefits provided under the Standard Plan.								
		A carrier may not impose a minimum participation requirement for a if any member of the group participates in a medical savings							
16	15-1207.								
17 18	(a) In accordance with Title 19, Subtitle 1 of the Health - General Article, the Commission shall adopt regulations that specify:								
19 20	(1) t subtitle; {and}	he Comprehensive Standard Health Benefit Plan to apply under this							
		a modified health benefit plan for medical savings accounts that al Health Insurance Portability and Accountability Act of 1996,							
24		i) a waiver of deductibles as permitted under federal law;							
25	(ii) minimum funding standards for medical savings accounts; and							
	persons who offer the	iii) authorization for offering the modified plan only by those Comprehensive Standard Health Benefit Plan adopted in 1) of this subsection; AND							
	(-)	A MODIFIED HEALTH BENEFIT PLAN WITH A HIGH DEDUCTIBLE, ERED IN COMBINATION WITH A MEDICAL SAVINGS ACCOUNT THIS SUBSECTION.							
32	15-1208.								
		A] EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (E) OF THIS nay not limit coverage under a health benefit plan for a							

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1	15-1210.							
2	(a)	[(1)]	A carrie	r that off	ers coverage to a small employer shall:			
3	their eligible	depende	[(i)] nts;	(1)	offer coverage to all of its eligible employees and all of			
7	[(ii)] (2) at the election of the small employer, offer coverage to all of its part-time employees who have a normal workweek of at least 17 1/2 but less than 30 hours per week and have been continuously employed for at least 4 consecutive months; AND							
					at the election of the small employer, offer coverage to all r another public or private plan of health ingement{; and			
12 13	individuals	for at leas	(iv) st 30 cons		n an annual open enrollment period for self-employed days in each 6-month period.			
16	(2) Notwithstanding any other provision of this section and §§ 15-1209, 15-1211, and 15-1213 of this subtitle, a carrier may deny coverage to a self-employed individual who applies for a health benefit plan at a time other than the carrier's annual open enrollment period.							
18	SECTION 2. AND BE IT FURTHER ENACTED, That:							
21 22 23 24	(a) On or before January 1, 2001, the Maryland Health Care Commission, in consultation with the Maryland Insurance Administration, health insurance carriers, small employers, insurance agents and insurance brokers, shall report, in accordance with § 2-1246 of the State Government Article, to the House Economic Matters Committee and the Senate Finance Committee on the effect of group size in the small group insurance market on the HMO and PPO delivery systems of each prominent carrier in the small group insurance market.							
	(b) In developing the report, the Maryland Health Care Commission shall specifically consider the effect of group size (including self-employed groups) in the small group insurance market on:							
29		<u>(1)</u>	the exter	nt of grou	ıp coverage;			
30		<u>(2)</u>	premiun	n increas	es;			
31		<u>(3)</u>	the num	ber of co	vered lives;			
32		<u>(4)</u>	the num	ber of po	licies issued;			
33		<u>(5)</u>	premiun	ns earned	l; and			
34		<u>(6)</u>	claims in	ncurred.				

- 1 (c) For purposes of the Maryland Health Care Commission report, "prominent
- 2 insurance carrier" means a carrier that covers at least 5% of the total lives in the
- 3 small group health insurance market or 10% of the total lives in any one delivery
- 4 system.
- 5 (d) In addition to the report, the Maryland Health Care Commission shall, as
- 6 part of its annual review of the Comprehensive Standard Health Benefit Plan,
- 7 examine the feasibility and desirability of developing a high deductible health benefit
- 8 plan for small employers.
- 9 SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take 10 effect June 1, 2000.