

HOUSE BILL 695

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C3

2001 Regular Session  
(11r2520)

*ENROLLED BILL*  
*-- Economic Matters/Finance --*

Introduced by Delegate Mitchell Delegates Mitchell, Donoghue, Fulton, Goldwater, Kach, Krysiak, Love, McClenahan, Moe, Pendergrass, and Walkup

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Health Insurance - Study of Maryland's Small Group Market**

3 FOR the purpose of requiring the ~~Department of Budget and Management to issue a~~  
4 ~~certain request for proposal for Maryland Health Care Commission to contract~~  
5 ~~with an independent consultant to conduct a certain study in a certain manner;~~  
6 ~~providing for the funding of the study;~~ specifying the scope of the study;  
7 requiring the ~~independent consultant contracted by the Department to conclude~~  
8 ~~its report by a certain date, to Commission to provide a certain report to the~~  
9 Governor and the General Assembly by a certain date in a certain manner, ~~and~~  
10 ~~to provide a copy of the report to certain entities;~~ providing for the termination  
11 of this Act; ~~making the implementation of this Act contingent on an increase in~~  
12 ~~certain fees; requiring the Commission to notify the Department of Legislative~~  
13 ~~Services if certain fees are not increased;~~ and generally relating to a study of  
14 Maryland's small group health insurance market.

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
2 MARYLAND, That:

3 ~~(a)~~ the Department of Budget and Management shall issue a request for  
4 proposal that outlines the requirements and details of a contract for an independent  
5 consultant to study Maryland's small group health insurance market;

6 ~~(b)~~ funding for the study, not to exceed \$75,000, shall be included in the State  
7 budget for fiscal 2002;

8 (a) the Maryland Health Care Commission shall:

9 (1) contract with an independent consultant to conduct a study  
10 comparing the performance of Maryland's small group health insurance market  
11 reform law to other states; and

12 (2) instruct the independent consultant to meet with and to provide  
13 periodic updates to an independent advisory committee comprised of small employers  
14 participating in the small group market, small employers who do not purchase group  
15 health insurance, insurers providing coverage in Maryland in the small group  
16 market, insurers not participating in the small group market in Maryland, health  
17 maintenance organizations, and agents and brokers selling insurance in the small  
18 group market;

19 ~~(c)~~ (b) the study shall include:

20 (1) an analysis of:

21 ~~(i)~~ the benefits offered under Maryland's comprehensive standard  
22 health benefit plan, including a comparative analysis of the benefits of similar  
23 coverage offered in other states, of the benefits offered under Maryland's  
24 comprehensive standard health benefit plan, excluding benefits additional to the  
25 standard plan;

26 ~~(ii)~~ the affordability of Maryland's comprehensive standard health  
27 benefit plan

28 (2) an analysis, including a comparative analysis of the costs of similar  
29 coverage offered in other states; and, of the affordability of Maryland's comprehensive  
30 standard health benefit plan, excluding benefits additional to the standard plan;

31 ~~(iii)~~ (3) an analysis of the rating factors used in Maryland's small  
32 group market, compared with the rating factors used in other states for similar  
33 markets; and

34 ~~(2)~~ (4) recommendations for changes to Maryland's comprehensive  
35 standard health benefit plan or to the rating factors used in Maryland's small group  
36 market to make coverage under the plan more affordable and accessible to small  
37 businesses and individuals in Maryland, including an analysis of the impact that any  
38 recommendation may have on the scope and quality of the coverage of the plan; and

- 1 (d) the independent consultant contracted by the Department shall:
- 2 (1) conclude its report on or before November 1, 2001;
- 3 (2) report, in accordance with § 2-1246 of the State Government Article,  
4 to the Governor and the General Assembly on or before December 1, 2001; and
- 5 (3) provide a copy of the report to the Maryland Insurance  
6 Administration and Maryland Health Care Commission.

7 (c) in making recommendations under subsection (b)(4) of this section, the  
8 independent consultant shall consider the effect of any proposed changes on:

- 9 (1) risk segmentation in the small group market;
- 10 (2) access to preventative health services;
- 11 (3) access to coverage for employers with fewer than 10 employees  
12 compared to employers with more than 10 employees;
- 13 (4) ease of comprehension and comparability of benefit plans for  
14 consumers;
- 15 (5) premium costs for employers and employees and out-of-pocket costs  
16 for employees;
- 17 (6) the number of lives and groups covered; and
- 18 (7) the number of carriers offering policies to small employers; and

19 (d) on or before ~~December 31, 2001~~ January 1, 2002, the Commission shall  
20 report the findings and recommendations of the study to the Governor and, in  
21 accordance with § 2-1246 of the State Government Article, to the General Assembly.

22 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the implementation of~~  
23 ~~this Act shall be contingent on an increase to \$10 million in the total allowable fees~~  
24 ~~assessed in any fiscal year as provided under § 19-111 of the Health General~~  
25 ~~Article. If the limit on the total allowable fees is not increased, the Maryland Health~~  
26 ~~Care Commission, no later than June 1, 2001, shall notify the Department of~~  
27 ~~Legislative Services, 90 State Circle, Annapolis, Maryland 21401-1991.~~

28 ~~SECTION 2.3.~~ AND BE IT FURTHER ENACTED, That this Act shall take  
29 effect June 1, 2001. ~~At~~ It shall remain effective for a period of 7 months and, at the  
30 end of ~~December 1, 2001~~ ~~December 31, 2001~~ *January 1, 2002*, with no further action  
31 required by the General Assembly, this Act shall be abrogated and of no further force  
32 and effect.

