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By: ~~Delegate Mitchell~~ **Delegates Mitchell, Donoghue, Fulton, Goldwater,  
Kach, Krysiak, Love, McClenahan, Moe, Pendergrass, and Walkup**

Introduced and read first time: February 8, 2001  
Assigned to: Economic Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 19, 2001

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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.

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

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

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

22 (a) the Maryland Health Care Commission shall:

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

4           (2)     instruct the independent consultant to meet with and to provide  
 5 periodic updates to an independent advisory committee comprised of small employers  
 6 participating in the small group market, small employers who do not purchase group  
 7 health insurance, insurers providing coverage in Maryland in the small group  
 8 market, insurers not participating in the small group market in Maryland, health  
 9 maintenance organizations, and agents and brokers selling insurance in the small  
 10 group market;

11       (ε)     (b)     the study shall include:

12           (1)     an analysis of:

13           (i)     ~~the benefits offered under Maryland's comprehensive standard~~  
 14 ~~health benefit plan, including a comparative analysis of the benefits of similar~~  
 15 ~~coverage offered in other states, of the benefits offered under Maryland's~~  
 16 ~~comprehensive standard health benefit plan, excluding benefits additional to the~~  
 17 ~~standard plan;~~

18           (ii)    ~~the affordability of Maryland's comprehensive standard health~~  
 19 ~~benefit plan~~

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

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

26           (2)     (4)     recommendations for changes to Maryland's comprehensive  
 27 standard health benefit plan or to the rating factors used in Maryland's small group  
 28 market to make coverage under the plan more affordable and accessible to small  
 29 businesses and individuals in Maryland, including an analysis of the impact that any  
 30 recommendation may have on the scope and quality of the coverage of the plan; and

31       (d)     ~~the independent consultant contracted by the Department shall:~~

32           (1)     ~~conclude its report on or before November 1, 2001;~~

33           (2)     ~~report, in accordance with § 2-1246 of the State Government Article,~~  
 34 ~~to the Governor and the General Assembly on or before December 1, 2001; and~~

35           (3)     ~~provide a copy of the report to the Maryland Insurance~~  
 36 ~~Administration and Maryland Health Care Commission.~~

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

3 (1) risk segmentation in the small group market;

4 (2) access to preventative health services;

5 (3) access to coverage for employers with fewer than 10 employees  
6 compared to employers with more than 10 employees;

7 (4) ease of comprehension and comparability of benefit plans for  
8 consumers;

9 (5) premium costs for employers and employees and out-of-pocket costs  
10 for employees;

11 (6) the number of lives and groups covered; and

12 (7) the number of carriers offering policies to small employers; and

13 (d) on or before December 31, 2001, the Commission shall report the findings  
14 and recommendations of the study to the Governor and, in accordance with § 2-1246  
15 of the State Government Article, to the General Assembly.

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

22 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take  
23 effect June 1, 2001. ~~At~~ It shall remain effective for a period of 7 months and, at the  
24 end of ~~December 1, 2001~~ December 31, 2001, with no further action required by the  
25 General Assembly, this Act shall be abrogated and of no further force and effect.