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By: **Delegate Redmer**

Introduced and read first time: February 9, 2001

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Small Employer Group Market - Affordability Cap**

3 FOR the purpose of lowering the threshold at which the Maryland Health Care  
4 Commission is required to take action to lower the cost of the Comprehensive  
5 Standard Health Benefit Plan; and generally relating to the small employer  
6 group health insurance market.

7 BY repealing and reenacting, without amendments,  
8 Article - Insurance  
9 Section 15-1207(b) and (d)  
10 Annotated Code of Maryland  
11 (1997 Volume and 2000 Supplement)

12 BY repealing and reenacting, with amendments,  
13 Article - Insurance  
14 Section 15-1207(c)  
15 Annotated Code of Maryland  
16 (1997 Volume and 2000 Supplement)

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

19 **Article - Insurance**

20 15-1207.

21 (b) The Commission shall require that the minimum benefits allowed to be  
22 offered in the Standard Plan:

23 (1) by a health maintenance organization, shall include at least the  
24 actuarial equivalent of the minimum benefits required to be offered by a federally  
25 qualified health maintenance organization; and

1           (2)     by an insurer or nonprofit health service plan on an  
2 expense-incurred basis, shall be actuarially equivalent to at least the minimum  
3 benefits required to be offered under item (1) of this subsection.

4     (c)     (1)     Subject to paragraph (2) of this subsection, the Commission shall  
5 exclude or limit benefits or adjust cost-sharing arrangements in the Standard Plan if  
6 the average rate for the Standard Plan exceeds [12%] 10% of the average annual  
7 wage in the State.

8           (2)     The Commission annually shall determine the average rate for the  
9 Standard Plan by using the average rate submitted by each carrier that offers the  
10 Standard Plan.

11     (d)     In establishing benefits, the Commission shall judge preventive services,  
12 medical treatments, procedures, and related health services based on:

13           (1)     their effectiveness in improving the health status of individuals;

14           (2)     their impact on maintaining and improving health and on reducing  
15 the unnecessary consumption of health care services; and

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

17     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 October 1, 2001.