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By: **Senators Bromwell and Van Hollen**  
Introduced and read first time: February 2, 2001  
Assigned to: Finance

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Committee Report: Favorable with amendments  
Senate action: Adopted  
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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; and generally relating to a study of Maryland's small group health  
12 insurance market.

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

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

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

20 (a) the Maryland Health Care Commission shall:

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

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

8        ~~(e)~~     **(b)**     the study shall include:

9           (1)     an analysis of:

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

15           ~~(ii)~~     ~~the affordability of Maryland's comprehensive standard health~~  
 16 ~~benefit plan~~

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

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

23           ~~(2)~~     **(4)**     recommendations for changes to Maryland's comprehensive  
 24 standard health benefit plan or to the rating factors used in Maryland's small group  
 25 market to make coverage under the plan more affordable and accessible to small  
 26 businesses and individuals in Maryland, including an analysis of the impact that any  
 27 recommendation may have on the scope and the quality of the coverage of the plan;  
 28 ~~and~~

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

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

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

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

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

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

- 1           (2)     access to preventative health services;
- 2           (3)     access to coverage for employers with fewer than 10 employees  
3 compared to employers with more than 10 employees;
- 4           (4)     ease of comprehension and comparability of benefit plans for  
5 consumers;
- 6           (5)     premium costs for employers and employees and out-of-pocket costs  
7 for employees;
- 8           (6)     the number of lives and groups covered; and
- 9           (7)     the number of carriers offering policies to small employers; and
- 10        (d)     on or before January 1, 2002, the Commission shall report the findings and  
11 recommendations of the study to the Governor and, in accordance with § 2-1246 of  
12 the State Government Article, to the General Assembly.

13        SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 June 1, 2001. At the end of ~~December 1, 2001~~ January 1, 2002, with no further action  
15 required by the General Assembly, this Act shall be abrogated and of no further force  
16 and effect.