

SENATE BILL 458

Unofficial Copy
C3

2001 Regular Session
(11r1980)

ENROLLED BILL
-- Finance/Economic Matters --

Introduced by **Senators Bromwell and Van Hollen**

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.

President.

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance - Substantial, Available, and Affordable Coverage**

3 FOR the purpose of requiring certain carriers to provide an individual with specific
4 information regarding the availability of substantial, available, and affordable
5 coverage in a certain form and manner under certain circumstances; requiring
6 the Insurance Commissioner to adopt certain regulations; requiring the
7 Insurance Commissioner to develop a mechanism to provide certain information
8 through certain media to individuals, on request, about the availability of
9 substantial, available, and affordable coverage; requiring certain carriers to
10 annually notify the Commissioner of certain open enrollment periods by a certain
11 date; allowing certain carriers to continue to provide to existing subscribers, and
12 providing for the continued compliance of, substantial, available, and affordable
13 indemnity plans that existed on a certain date; providing for the termination of a
14 certain provision of this Act; requiring the Department of Budget and
15 Management to issue a certain request for proposal for an independent
16 consultant to conduct a certain study; providing for the funding of the study;
17 specifying the scope of the study; requiring the independent consultant

1 contracted by the Department to conclude its report by a certain date, to report
 2 to the Governor and the General Assembly by a certain date in a certain
 3 manner, and to provide a copy of the report to certain entities; providing for the
 4 application of certain portions of this Act; providing for the termination of
 5 certain portions of this Act; defining certain terms; and generally relating to the
 6 substantial, available, and affordable coverage health insurance program.

7 BY adding to
 8 Article - Insurance
 9 Section 15-606.1
 10 Annotated Code of Maryland
 11 (1997 Volume and 2000 Supplement)

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

14 **Article - Insurance**

15 15-606.1.

16 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 17 INDICATED.

18 (2) "CARRIER" MEANS:

19 (I) AN INSURER;

20 (II) A NONPROFIT HEALTH SERVICE PLAN; OR

21 (III) A HEALTH MAINTENANCE ORGANIZATION;

22 ~~(IV) A DENTAL PLAN ORGANIZATION; OR~~

23 ~~(V) ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS~~
 24 ~~SUBJECT TO REGULATION BY THE STATE.~~

25 (3) (I) "HEALTH BENEFIT PLAN" MEANS A:

26 1. HOSPITAL OR MEDICAL POLICY OR CERTIFICATE,
 27 INCLUDING THOSE ISSUED UNDER MULTIPLE EMPLOYER TRUSTS OR ASSOCIATIONS
 28 LOCATED IN MARYLAND OR ANY OTHER STATE COVERING MARYLAND RESIDENTS;

29 2. POLICY, CONTRACT, OR CERTIFICATE ISSUED BY A
 30 NONPROFIT HEALTH SERVICE PLAN THAT COVERS MARYLAND RESIDENTS; OR

31 3. HEALTH MAINTENANCE ORGANIZATION SUBSCRIBER OR
 32 GROUP MASTER CONTRACT.

33 (II) "HEALTH BENEFIT PLAN" DOES NOT INCLUDE:

- 1 I. ONE OR MORE, OR ANY COMBINATION OF THE
2 FOLLOWING:
- 3 A. COVERAGE ONLY FOR ACCIDENT OR DISABILITY INCOME
4 INSURANCE;
- 5 B. COVERAGE ISSUED AS A SUPPLEMENT TO LIABILITY
6 INSURANCE;
- 7 C. LIABILITY INSURANCE, INCLUDING GENERAL LIABILITY
8 INSURANCE AND AUTOMOBILE LIABILITY INSURANCE;
- 9 D. WORKERS' COMPENSATION OR SIMILAR INSURANCE;
- 10 E. AUTOMOBILE MEDICAL PAYMENT INSURANCE;
- 11 F. CREDIT-ONLY INSURANCE;
- 12 G. COVERAGE FOR ON-SITE MEDICAL CLINICS; OR
- 13 H. OTHER SIMILAR INSURANCE COVERAGE, SPECIFIED IN
14 FEDERAL REGULATIONS ISSUED PURSUANT TO P.L. 104-191, UNDER WHICH
15 BENEFITS FOR MEDICAL CARE ARE SECONDARY OR INCIDENTAL TO OTHER
16 INSURANCE BENEFITS;
- 17 2. THE FOLLOWING BENEFITS IF THEY ARE PROVIDED
18 UNDER A SEPARATE POLICY, CERTIFICATE, OR CONTRACT OF INSURANCE OR ARE
19 OTHERWISE NOT AN INTEGRAL PART OF A PLAN:
- 20 A. LIMITED SCOPE DENTAL OR VISION BENEFITS;
- 21 B. BENEFITS FOR LONG-TERM CARE, NURSING HOME CARE,
22 HOME HEALTH CARE, COMMUNITY-BASED CARE, OR ANY COMBINATION OF THESE
23 BENEFITS; OR
- 24 C. SUCH OTHER SIMILAR, LIMITED BENEFITS AS ARE
25 SPECIFIED IN FEDERAL REGULATIONS ISSUED PURSUANT TO P.L. 104-191;
- 26 3. THE FOLLOWING BENEFITS IF OFFERED AS
27 INDEPENDENT, NONCOORDINATED BENEFITS:
- 28 A. COVERAGE ONLY FOR A SPECIFIED DISEASE OR ILLNESS;
29 OR
- 30 B. HOSPITAL INDEMNITY OR OTHER FIXED INDEMNITY
31 INSURANCE; OR
- 32 4. THE FOLLOWING BENEFITS IF OFFERED AS A SEPARATE
33 INSURANCE POLICY:

1 A. MEDICARE SUPPLEMENTAL HEALTH INSURANCE (AS
 2 DEFINED UNDER § 1882(G)(1) OF THE SOCIAL SECURITY ACT);

3 B. COVERAGE SUPPLEMENTAL TO THE COVERAGE
 4 PROVIDED UNDER CHAPTER 55 OF TITLE 10, UNITED STATES CODE; OR

5 C. SIMILAR SUPPLEMENTAL COVERAGE PROVIDED TO
 6 COVERAGE UNDER AN EMPLOYER SPONSORED PLAN.

7 ~~(3)~~ (4) "SUBSTANTIAL, AVAILABLE, AND AFFORDABLE COVERAGE"
 8 REFERS TO THE COVERAGE THAT IS OFFERED IN THE NONGROUP HEALTH
 9 INSURANCE MARKET UNDER THE REGULATIONS ADOPTED UNDER § 15-606 OF THIS
 10 ARTICLE.

11 (B) THIS SECTION APPLIES TO ~~CARRIERS~~ EACH CARRIER THAT OFFER OFFERS
 12 A MEDICALLY UNDERWRITTEN HEALTH INSURANCE BENEFIT PLAN IN THE
 13 NONGROUP MARKET IN THE STATE.

14 (C) (1) IF A CARRIER DENIES COVERAGE UNDER A MEDICALLY
 15 UNDERWRITTEN HEALTH INSURANCE FOR BENEFIT PLAN TO AN INDIVIDUAL IN THE
 16 NONGROUP MARKET, THE CARRIER SHALL PROVIDE THE INDIVIDUAL WITH SPECIFIC
 17 INFORMATION REGARDING THE AVAILABILITY OF SUBSTANTIAL, AVAILABLE, AND
 18 AFFORDABLE COVERAGE IN THE FORM AND MANNER REQUIRED BY THE INSURANCE
 19 COMMISSIONER THROUGH REGULATION.

20 (2) THE INSURANCE COMMISSIONER SHALL:

21 (I) ADOPT REGULATIONS TO FACILITATE THE IMPLEMENTATION
 22 OF PARAGRAPH (1) OF THIS SUBSECTION; AND

23 (II) DEVELOP A MECHANISM TO PROVIDE VERBALLY, IN WRITING,
 24 OR BY ELECTRONIC MEANS, INFORMATION TO INDIVIDUALS, ON REQUEST, ABOUT
 25 THE AVAILABILITY OF SUBSTANTIAL, AVAILABLE, AND AFFORDABLE COVERAGE.

26 (D) NO LATER THAN JANUARY 1 OF EACH YEAR, EACH CARRIER THAT OFFERS
 27 SUBSTANTIAL, AVAILABLE, AND AFFORDABLE COVERAGE IN THE NONGROUP
 28 MARKET SHALL NOTIFY THE COMMISSIONER IN WRITING OF THE TIME PERIODS IN
 29 THAT CALENDAR YEAR DURING WHICH THE CARRIER WILL OFFER ITS SUBSTANTIAL,
 30 AVAILABLE, AND AFFORDABLE COVERAGE PLAN ON AN OPEN ENROLLMENT BASIS.

31 ~~SECTION 2. AND BE IT FURTHER ENACTED, That:~~

32 (a) ~~the Department of Budget and Management shall issue a request for~~
 33 ~~proposal that outlines the requirements and details of a contract for an independent~~
 34 ~~consultant to study Maryland's substantial, available, and affordable coverage~~
 35 ~~program;~~

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

- 1 (e) the study shall include:
- 2 (1) an analysis of:
- 3 (i) the benefits offered in the substantial, available, and affordable
4 coverage program by type of policy;
- 5 (ii) the pricing of products in the substantial, available, and
6 affordable coverage program and the relationship of pricing to the benefits offered;
- 7 (iii) the relationship between averted uncompensated care costs,
8 medical losses sustained under the substantial, available, and affordable coverage
9 program, and the purchaser differential granted to participating carriers; and
- 10 (iv) the mechanisms for coverage offered to high risk individuals in
11 other states, including high risk pools and reinsurance programs; and
- 12 (2) recommendations for changes to Maryland's substantial, available,
13 and affordable coverage program to make coverage more affordable and accessible to
14 high risk individuals in Maryland; and
- 15 (d) the independent consultant contracted by the Department shall:
- 16 (1) conclude its report on or before November 1, 2001;
- 17 (2) report to the Governor and, in accordance with § 2-1246 of the State
18 Government Article, the General Assembly on or before December 1, 2001; and
- 19 (3) provide a copy of the report to the Maryland Insurance
20 Administration and Maryland Health Care Commission.

21 SECTION 2. AND BE IT FURTHER ENACTED, That a carrier that offered a
22 substantial, available, and affordable indemnity plan to any subscriber on January 1,
23 2001 may continue to provide that plan to existing subscribers of the plan. The plan
24 shall be deemed in continued compliance with plan requirements under § 15-606 of
25 the Insurance Article and the regulations adopted by the Health Services Cost Review
26 Commission for substantial, available, and affordable coverage plans.

27 SECTION 3. ~~2.~~ 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act
28 shall take effect October 1, 2001. Section 2 of this Act shall remain effective for a
29 period of 2 years and, at the end of June 30, 2003, with no further action required by
30 the General Assembly, Section 2 of this Act shall be abrogated and of no further force
31 and effect.

32 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in
33 Section 3 of this Act, this Act shall take effect June 1, 2001. At the end of December 1,
34 2001, with no further action required by the General Assembly, Section 2 of this Act
35 shall be abrogated and of no further force and effect.

