

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL NO. 1228

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Busch” and substitute “, Busch, Barve, Brown, Donoghue, Eckardt, Fulton, Goldwater, Gordon, Harrison, Hill, Kach, Kirk, Krysiak, La Vay, Love, McClenahan, McHale, Minnick, Mitchell, Moe, Pendergrass, Pielke, Walkup, Barkley, Bobo, Bozman, Cadden, Clagett, DeCarlo, Hubers, Mandel, Nathan-Pulliam, Rosso, Rudolph, Snodgrass, Sophocleus, and Turner”; strike line 2 in its entirety and substitute:

“Health Insurance Safety Net Act of 2002”;

in line 8, after “fund;” insert “specifying that a debt or obligation of the plan is not a debt or pledge of credit of the State;”; strike beginning with “terms” in line 8 down through “members” in line 9 and substitute “term of a certain member”; in line 11, strike “Maryland Health Care Commission” and substitute “Board”; in line 14, strike “and calculation of” and substitute “of plan”; strike beginning with “in” in line 14 down through “manner” in line 15; in line 17, strike “and the program” and substitute “based on certain criteria”; in line 18, after “reports;” insert “specifying that the Board may contract with a certain third party for certain purposes; prohibiting a certain third party from using certain information except under certain circumstances;”; in line 29, strike “the Board to adopt” and substitute “a certain administrator to develop”; and in line 30, after “formulary” insert “subject to approval by the Board”.

On page 2, in line 3, strike “levy” and substitute “calculate”; in the same line, strike “on” and substitute “for”; strike beginning with “authorizing” in line 4 down through “circumstances;” in line 5 and substitute “requiring certain hospitals to remit certain payments to a certain fund;”; in line 9, after “Commission;” insert “requiring certain insurance carriers to submit a certain quarterly report to the Insurance Commissioner within a certain period of time; requiring a certain insurance carrier to provide a certain notice to a certain individual under certain circumstances;”; strike beginning with “requiring” in line 12 down through “date;” in line 14 and substitute “requiring a certain trustee to

(Over)

transfer certain money to a certain fund for certain purposes on a certain date;"; in line 15, after "time;" insert "providing for the administration of a certain program during a certain period of time;"; in the same line, strike "terminating" and substitute "requiring the Maryland Insurance Administration and the Health Services Cost Review Commission to terminate"; in line 16, after "program" insert "on a certain date; requiring certain carriers to provide notice to certain individuals by a certain date; providing for the termination of a certain funding mechanism under certain circumstances; requiring a certain board to make certain recommendations to the General Assembly under certain circumstances"; strike beginning with the second "and" in line 18 down through "administrator" in line 19; and in line 25, after "frame;" insert "requiring a certain carrier to begin subsidizing a certain program on a certain date;".

AMENDMENT NO. 2

On page 2, strike beginning with "15-606" in line 33 down through "15-1312" in line 34 and substitute "15-606 and 15-606.1".

On pages 2 and 3, strike beginning with line 43 on page 2 through line 6 on page 3, inclusive.

On page 3, in line 19, strike "and 14-106" and substitute ", 14-106, 15-1303, and 15-1309(b)"; and strike in their entirety lines 22 through 27, inclusive.

On page 4, in line 13, strike "15-606, 15-606.1," and substitute "15-606 and 15-606.1"; strike beginning with "15-1301(b)," in line 13 down through "15-1312" in line 14; strike in their entirety lines 20 through 24, inclusive; and in line 25, strike "4." and substitute "3.".

AMENDMENT NO. 3

On page 6, strike in their entirety lines 2 through 16, inclusive, and substitute:

"(D) (1) IN THIS SUBSECTION, "BASE HOSPITAL RATE" MEANS THE AGGREGATE VALUE TO PARTICIPATING COMMERCIAL HEALTH INSURANCE CARRIERS OF THE SUBSTANTIAL, AVAILABLE, AND AFFORDABLE COVERAGE PURCHASER DIFFERENTIAL AS DETERMINED BY THE COMMISSION FOR THE CALENDAR YEAR 2002.

(2) THE COMMISSION, IN ACCORDANCE WITH THIS SUBSECTION,

SHALL DETERMINE AND COLLECT FUNDS NECESSARY TO OPERATE AND ADMINISTER THE MARYLAND HEALTH INSURANCE PLAN ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THE INSURANCE ARTICLE.

(3) (I) THE COMMISSION SHALL DETERMINE THE PERCENTAGE OF TOTAL NET PATIENT REVENUE RECEIVED IN CALENDAR YEAR 2002 BY ALL HOSPITALS FOR WHICH THE COMMISSION APPROVED HOSPITAL RATES THAT IS REPRESENTED BY THE BASE HOSPITAL RATE.

(II) THE PERCENTAGE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE DETERMINED BY DIVIDING THE BASE HOSPITAL RATE BY THE TOTAL NET PATIENT REVENUE RECEIVED IN CALENDAR YEAR 2002 BY ALL HOSPITALS FOR WHICH THE COMMISSION APPROVED HOSPITAL RATES.

(4) ON OR BEFORE MAY 1 OF EACH YEAR, THE COMMISSION SHALL:

(I) DETERMINE THE AMOUNT OF FUNDING TO ALLOCATE TO THE MARYLAND HEALTH INSURANCE PLAN BY MULTIPLYING THE PERCENTAGE DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION BY THE VALUE OF THE TOTAL NET PATIENT REVENUES RECEIVED IN THE IMMEDIATELY PRECEDING FISCAL YEAR BY ALL HOSPITALS FOR WHICH RATES WERE APPROVED BY THE COMMISSION; AND

(II) DETERMINE THE SHARE OF TOTAL FUNDING OWED BY EACH HOSPITAL FOR WHICH RATES HAVE BEEN APPROVED BY THE COMMISSION PROPORTIONATE TO THE PERCENTAGE OF THE BASE HOSPITAL RATE ATTRIBUTABLE TO EACH HOSPITAL.

(5) EACH HOSPITAL SHALL REMIT MONTHLY ONE-TWELFTH OF THE AMOUNT DETERMINED UNDER PARAGRAPH (4)(II) OF THIS SUBSECTION TO THE MARYLAND HEALTH INSURANCE PLAN FUND.”;

and strike beginning with “TAKE” in line 17 down through “SECTION” in line 18 and substitute

(Over)

“ENSURE THAT THE ASSESSMENT COLLECTED UNDER SUBSECTION (D) OF THIS SECTION IS REVENUE NEUTRAL TO EACH HOSPITAL”.

AMENDMENT NO. 4

On page 7, after line 25, insert:

“SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Insurance

15-1303.

(A) In addition to any other requirements under this article, a carrier that offers individual health benefit plans in this State shall:

(1) have demonstrated the capacity to administer the individual health benefit plans, including adequate numbers and types of administrative staff;

(2) have a satisfactory grievance procedure and ability to respond to calls, questions, and complaints from enrollees or insureds; and

(3) design policies to help ensure that enrollees or insureds have adequate access to providers of health care.

(B) (1) FOR EACH CALENDAR QUARTER, A CARRIER THAT OFFERS INDIVIDUAL HEALTH BENEFIT PLANS IN THE STATE SHALL SUBMIT TO THE COMMISSIONER A REPORT THAT INCLUDES:

(I) THE NUMBER OF APPLICATIONS SUBMITTED TO THE CARRIER FOR INDIVIDUAL COVERAGE; AND

(II) THE NUMBER OF DECLINATIONS ISSUED BY THE CARRIER FOR INDIVIDUAL COVERAGE.

(2) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE FILED WITH THE COMMISSIONER NO LATER THAN 30 DAYS AFTER THE LAST DAY OF THE QUARTER FOR WHICH THE INFORMATION IS PROVIDED.

(C) (1) IF A CARRIER DENIES COVERAGE UNDER A MEDICALLY UNDERWRITTEN HEALTH BENEFIT PLAN TO AN INDIVIDUAL IN THE NONGROUP MARKET, THE CARRIER SHALL PROVIDE THE INDIVIDUAL WITH SPECIFIC INFORMATION REGARDING THE AVAILABILITY OF COVERAGE UNDER THE MARYLAND HEALTH INSURANCE PLAN ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THIS ARTICLE.

(2) A NOTICE ISSUED BY A CARRIER UNDER THIS SUBSECTION SHALL BE PROVIDED IN A MANNER AND FORM REQUIRED BY THE COMMISSIONER.”;

and in line 26, strike “15-1305.” and substitute “15-1309.”.

On page 8, in line 10, strike “5.” and substitute “6.”; and after line 28, insert:

“SECTION 7. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Insurance”.

AMENDMENT NO. 5

On page 9, in line 15, after “(F)” insert “(1)”; in lines 17, 20, 23, 25, and 28, strike “(1)”, “(2)”, “(3)”, “(4)”, and “(5)”, respectively, and substitute “(I)”, “(II)”, “(III)”, “(IV)”, and “(V)”, respectively; in lines 17 and 20, in each instance, strike “TO THE BOARD”; and after line 29, insert:

“(2) “MEDICALLY UNINSURABLE INDIVIDUAL” DOES NOT INCLUDE AN INDIVIDUAL WHO IS ELIGIBLE FOR COVERAGE UNDER:

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- (I) THE FEDERAL MEDICARE PROGRAM;
- (II) THE MARYLAND MEDICAL ASSISTANCE PROGRAM;
- (III) THE MARYLAND CHILDREN'S HEALTH PROGRAM; OR

(IV) AN EMPLOYER-SPONSORED GROUP HEALTH INSURANCE PLAN THAT INCLUDES BENEFITS COMPARABLE TO PLAN BENEFITS.”.

On page 10, in line 3, strike “OF STATE GOVERNMENT” and substitute “THAT OPERATES WITHIN THE ADMINISTRATION”; and in line 16, strike “NINE” and substitute “FIVE”.

On pages 10 and 11, strike beginning with line 22 on page 10 through line 11 on page 11, inclusive, and substitute:

“(4) ONE SHALL BE THE SECRETARY OF THE DEPARTMENT OF BUDGET AND MANAGEMENT; AND

(5) ONE SHALL BE APPOINTED BY THE DIRECTOR OF THE HEALTH, EDUCATION, AND ADVOCACY UNIT IN THE OFFICE OF THE ATTORNEY GENERAL IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION.

(D) (1) THE BOARD MEMBER APPOINTED UNDER SUBSECTION (C)(5) OF THIS SECTION SHALL BE A CONSUMER WHO DOES NOT HAVE A SUBSTANTIAL FINANCIAL INTEREST IN A PERSON REGULATED UNDER THIS ARTICLE OR UNDER TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE.”.

On page 11, strike line 12 in its entirety; in line 13, strike “(1)” and substitute “(2)”; in the same line, strike “A” and substitute “THE CONSUMER”; strike lines 14 and 15 in their entirety; in line 16, strike the second “A” and substitute “THE CONSUMER”; in line 18, strike the first “A” and substitute “THE CONSUMER”; and in lines 21, 24, and 33, strike “(F)”, “(G)”, and “(H)”, respectively, and substitute “(E)”, “(F)”, and “(G)”, respectively.

On page 12, in lines 6 and 9, strike “(I)” and “(J)”, respectively, and substitute “(H)” and

“(I)”, respectively; in line 11, strike “SHALL” and substitute “MAY”; strike beginning with “WHO” in line 12 down through “ARTICLE” in line 13; and strike beginning with “PREEXISTING” in line 14 down through “ARTICLE” in line 16 and substitute “PLAN ENROLLMENT PROCEDURES”.

On page 13, strike beginning with “A” in line 4 down through “STATE” in line 5 and substitute “MONEY COLLECTED”; in line 7, strike “§ 14-514” and substitute “§ 14-513”; after line 27, insert:

“(E) A DEBT OR OBLIGATION OF THE PLAN IS NOT A DEBT OF THE STATE OR A PLEDGE OF CREDIT OF THE STATE.”;

and in lines 29 and 31, in each instance, strike “MARYLAND HEALTH CARE COMMISSION” and substitute “BOARD”.

On page 14, in line 7, after “(B)” insert “(1)”; in the same line, after “ESTABLISH” insert “(A)”; in the same line, strike “RATES” and substitute “RATE”; in the same line, strike the second “THE”; after line 8, insert:

“(2) THE PREMIUM RATE MAY VARY ONLY ON THE BASIS OF FAMILY COMPOSITION.”;

in line 12, strike “(I)”; in the same line, strike “RATES” and substitute “RATE”; in the same line, after “COVERAGE” insert “;

(I)”;

in line 13, strike “RATES” and substitute “STANDARD RISK RATE”; in line 14, after “SUBSECTION” insert “; AND”; in line 15, strike “PLAN RATES SHALL” and substitute “MAY”; strike beginning with the second “RATES” in line 15 down through “SUBSECTION” in line 16 and substitute “STANDARD RISK RATE”; in line 24, after “REGULATION” insert “; WHICH SHALL INCLUDE”;

(I) THE ADMINISTRATOR’S PROVEN ABILITY TO PROVIDE

(Over)

HEALTH INSURANCE COVERAGE TO INDIVIDUALS;

(II) THE EFFICIENCY AND TIMELINESS OF THE ADMINISTRATOR'S CLAIM PROCESSING PROCEDURES;

(III) AN ESTIMATE OF TOTAL CHARGES FOR ADMINISTERING THE FUND;

(IV) THE ADMINISTRATOR'S PROVEN ABILITY TO APPLY EFFECTIVE COST CONTAINMENT PROGRAMS AND PROCEDURES; AND

(V) THE FINANCIAL CONDITION AND STABILITY OF THE ADMINISTRATOR".

On page 15, in line 3, after "INCURRED" insert "ADMINISTRATIVE EXPENSES,"; in line 4, strike "PAID" and substitute "COLLECTED"; strike in their entirety lines 8 through 10, inclusive, and substitute:

"(3) ADMINISTRATIVE EXPENSES AND FEES SHALL BE PAID AS PROVIDED IN THE ADMINISTRATOR'S CONTRACT WITH THE BOARD.

(E) (1) THE BOARD MAY CONTRACT WITH A QUALIFIED, INDEPENDENT THIRD PARTY FOR ANY SERVICE NECESSARY TO CARRY OUT THE POWERS AND DUTIES OF THE BOARD.

(2) UNLESS PERMISSION IS GRANTED SPECIFICALLY BY THE BOARD, A THIRD PARTY HIRED BY THE BOARD MAY NOT RELEASE, PUBLISH, OR OTHERWISE USE ANY INFORMATION TO WHICH THE THIRD PARTY HAD ACCESS UNDER ITS CONTRACT."

and in lines 11 and 13, strike "(E)" and "(F)", respectively, and substitute "(F)" and "(G)", respectively.

AMENDMENT NO. 6

On page 17, strike beginning with "(1)" in line 9 down through "USE" in line 13 and

substitute “SUBJECT TO APPROVAL BY THE BOARD, THE CARRIER THAT ADMINISTERS THE PROGRAM SHALL DEVELOP A PRESCRIPTION DRUG FORMULARY TO BE USED IN THE PROGRAM”; in line 25, strike “BY JUNE 30 OF EACH YEAR,” and substitute “ON OR BEFORE APRIL 1, 2003 AND QUARTERLY THEREAFTER,”; and strike beginning with “NEXT” in line 29 down through “MONTHS” in line 30 and substitute “FOLLOWING QUARTER”.

AMENDMENT NO. 7

On page 21, in lines 9 and 20, in each instance, strike “the earlier of the end of”; and strike in their entirety lines 29 through 39, inclusive, and substitute:

“SECTION 8. AND BE IT FURTHER ENACTED, That on July 1, 2003, the trustee of the Maryland Health Care Trust, established by Chapter 701 of the Acts of 2001, shall transfer all funds from the Trust to the Maryland Health Insurance Plan Fund established under Title 14, Subtitle 5 of the Insurance Article to be used for administrative and other start-up costs associated with the Maryland Health Insurance Plan.”.

On page 22, in line 1, strike “8.” and substitute “9.”; in line 4, after “shall” insert “:

(1)”;

in the same line, after “coverage” insert “, at a premium rate and benefit level approved by the Insurance Commissioner,”; and in line 5, after “enrollee” insert “; and

(2) no later than May 1, 2003, provide notice, as approved by the Insurance Commissioner, to each enrollee in the substantial, available, and affordable coverage plan of the enrollee’s eligibility for coverage under the Maryland Health Insurance Plan.

SECTION 10. AND BE IT FURTHER ENACTED, That:

(1) The Health Services Cost Review Commission shall approve the substantial, available, and affordable coverage (SAAC) purchaser differential through March 31, 2003 for each carrier participating in the SAAC program, as long as the carrier complies with the laws and

(Over)

regulations governing the SAAC program.

(2) For the final quarter of fiscal year 2003, the Health Services Cost Review Commission:

(i) may not allow any carrier to receive a SAAC purchaser differential;

(ii) may not adjust hospital rates to reflect the elimination of any SAAC purchaser differential;

(iii) shall collect from each hospital for which rates are established by the Commission an amount equal to the value of the SAAC purchaser differential and deposit that money, minus the losses and fees paid to SAAC carriers for the quarter, into the Maryland Health Insurance Plan Fund;

(iv) shall establish a methodology for reimbursing each carrier for losses incurred within the quarter that are attributable to SAAC enrollees; and

(v) shall reimburse each carrier for losses incurred within the quarter and pay each carrier an administration fee equal to 20% of premiums collected for the quarter.

(3) For calendar year 2002:

(i) a carrier that participates in the SAAC program through a health maintenance organization product may not be required to hold an open enrollment period for eligible individuals; and

(ii) a carrier that participates in the SAAC program through a preferred provider organization product shall hold one 30-day open enrollment period for eligible individuals in June 2002.

SECTION 11. AND BE IT FURTHER ENACTED, That:

(1) On July 1, 2003, the Health Services Cost Review Commission and the Maryland Insurance Administration shall terminate the substantial, available, and affordable coverage (SAAC) purchaser differential program for nonprofit health service plans, health insurers,

and health maintenance organizations.

(2) Notwithstanding § 15-1309 of the Insurance Article, for each SAAC policy in effect on and after March 31, 2003, the renewal date shall be July 1, 2003. On July 1, 2003, each SAAC policy shall be renewed as a policy under the Maryland Health Insurance Plan established under this Act.

SECTION 12. AND BE IT FURTHER ENACTED, That if the State loses its Medicare Waiver under § 1814(b) of the federal Social Security Act:

(1) the hospital rate funding mechanism for the Maryland Health Insurance Plan specified under § 19-219 of the Health - General Article shall terminate at the end of the Plan year during which the State loses the waiver; and

(2) the Board for the Maryland Health Insurance Plan shall make recommendations to the General Assembly as soon as practicable regarding the adoption of a new funding mechanism for the Plan”.

AMENDMENT NO. 8

On page 22, in line 6, strike “9.” and substitute “13.”; strike beginning with “and” in line 12 down through “Program” in line 13; after line 32, insert:

“(5) Beginning April 1, 2003, the carrier required to offer the Short-Term Prescription Drug Subsidy Plan under Title 15, Subtitle 6 of the Health - General Article and the Senior Prescription Drug Program under Title 14, Subtitle 5 of the Insurance Article shall subsidize the Plan and beginning July 1, 2003, the Program, using the value of the carrier’s premium tax exemption.”;

and in lines 33, 36, and 38, strike “10.”, “11.”, and “12.”, respectively, and substitute “14.”, “15.”, and “17.”, respectively.

AMENDMENT NO. 9

On page 5, after line 34, insert:

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“SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Health - General”.

On page 22, in line 36, strike “through 4” and substitute “, 2, 3, 5, and 6”; after line 37, insert:

“SECTION 16. AND BE IT FURTHER ENACTED, That Section 4 of this Act shall take effect January 1, 2003.”;

and in line 39, strike “Section 11” and substitute “Sections 15 and 16”.