

(PRE-FILED)

By: **Chairman, Economic Matters Committee (Departmental - Health and
Mental Hygiene)**

Requested: November 14, 2001

Introduced and read first time: January 9, 2002

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Children's Health Program - Employer-Sponsored Health Benefit**
3 **Plans - Employer Contribution**

4 FOR the purpose of repealing the requirement that an employer must contribute a
5 certain amount to family health insurance coverage under the MCHP private
6 option plan of the Maryland Children's Health Program; requiring that certain
7 employer-sponsored health benefit plans be cost-effective; and generally
8 relating to the MCHP private option plan of the Maryland Children's Health
9 Program.

10 BY repealing and reenacting, with amendments,
11 Article - Health - General
12 Section 15-301.1
13 Annotated Code of Maryland
14 (2000 Replacement Volume and 2001 Supplement)

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

17 **Article - Health - General**

18 15-301.1.

19 (a) (1) In this section the following words have the meanings indicated.

20 (2) "Carrier" means:

21 (i) An insurer;

22 (ii) A nonprofit service plan;

23 (iii) A health maintenance organization; or

1 (iv) Any other person that provides health benefit plans subject to
2 regulation by the State.

3 (3) "Eligible individual" means an individual who qualifies to participate
4 in the Maryland Children's Health Program under § 15-301(b) of this subtitle and
5 whose family income is above 200 percent, but at or below 300 percent of the federal
6 poverty guidelines.

7 (4) "Family contribution" means the portion of the premium cost paid for
8 an eligible individual to enroll and participate in the Maryland Children's Health
9 Program.

10 (5) "MCHP private option plan" means the plan established under this
11 section to provide access to health insurance coverage to eligible individuals through
12 employer-sponsored health benefit plans and managed care organizations under the
13 Maryland Children's Health Program.

14 (b) This section applies only to individuals whose family income is above 200
15 percent, but at or below 300 percent of the federal poverty guidelines.

16 (c) (1) An eligible individual who is enrolled in the MCHP private option
17 plan shall be insured through an employer's health benefit plan if:

18 (i) The employer offers family health insurance coverage to the
19 parent or guardian of an eligible individual;

20 (ii) The employer elects to participate in the MCHP private option
21 plan;

22 (iii) The parent or guardian of an eligible individual is insured
23 under the employer-sponsored health benefit plan;

24 (iv) [The employer contributes to family health insurance coverage
25 at a rate no less than 50 percent of annual premiums] THE EMPLOYEE RECEIVES THE
26 FULL PREMIUM CONTRIBUTION AVAILABLE FROM THE EMPLOYER;

27 (v) The plan includes a benefit package that is determined by the
28 Department to be at least equivalent to the Comprehensive Standard Health Benefit
29 Plan established under § 15-1207 of the Insurance Article; and

30 (vi) The plan does not impose cost sharing requirements on eligible
31 individuals.

32 (2) (I) THE STATE'S COST FOR COVERAGE OF AN ELIGIBLE
33 INDIVIDUAL ENROLLED IN THE MCHP PRIVATE OPTION PLAN MAY NOT BE GREATER
34 THAN THE COST OF COVERAGE IF THE ELIGIBLE INDIVIDUAL WAS INSURED
35 THROUGH A MANAGED CARE ORGANIZATION AS DEFINED IN § 15-101(F) OF THIS
36 TITLE.

1 [(2)] (II) If an employer-sponsored health benefit plan that meets the
2 criteria under paragraph (1) of this subsection is not available to the eligible
3 individual OR IF THE DEPARTMENT DETERMINES THAT THE EMPLOYER-SPONSORED
4 HEALTH BENEFIT PLAN IS NOT COST EFFECTIVE AS REQUIRED IN ITEM (I) OF THIS
5 PARAGRAPH, the eligible individual shall be insured through a managed care
6 organization as defined in § 15-101(f) of this title.

7 (d) The Department shall facilitate coverage of eligible individuals under an
8 employer-sponsored health benefit plan by:

9 (1) Evaluating employer-sponsored health benefit plans to determine
10 whether specific plans meet applicable State and federal requirements;

11 (2) Assisting employers that wish to participate in the MCHP private
12 option plan to meet the eligibility criteria established under subsection (c) of this
13 section;

14 (3) Collecting the family contribution under subsection (e) of this section;

15 (4) Forwarding the family contribution and the State's portion of the
16 premium directly to the carrier; and

17 (5) Assisting employers in enrolling the eligible dependents of employees
18 in the employer-sponsored health benefit plan.

19 (e) (1) As a requirement of enrollment and participation in the MCHP
20 private option plan, through either an employer-sponsored health benefit plan or a
21 managed care organization, the parent or guardian of an eligible individual shall
22 agree to pay the following annual family contribution:

23 (i) For an eligible individual whose family income is above 200
24 percent, but at or below 250 percent of the federal poverty guidelines, an amount
25 equal to 2 percent of the annual income of a family of two at 200 percent of the federal
26 poverty guidelines; and

27 (ii) For an eligible individual whose family income is above 250
28 percent, but at or below 300 percent of the federal poverty guidelines, an amount
29 equal to 2 percent of the annual income of a family of two at 250 percent of the federal
30 poverty guidelines.

31 (2) The family contribution amounts required under paragraph (1) of
32 this subsection apply on a per family basis regardless of the number of eligible
33 individuals each family has enrolled in the MCHP private option plan.

34 (f) The Department shall adopt regulations necessary to implement this
35 section.

36 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
37 effect July 1, 2002.