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By: Delegate Hurson

Introduced and read first time: February 7, 2003 Assigned to: Health and Government Operations

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## A BILL ENTITLED

1	AN ACT	concerning
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2	Maryland Health Insurance Plan and Senior Prescription Drug Program -
3	Modifications and Clarifications

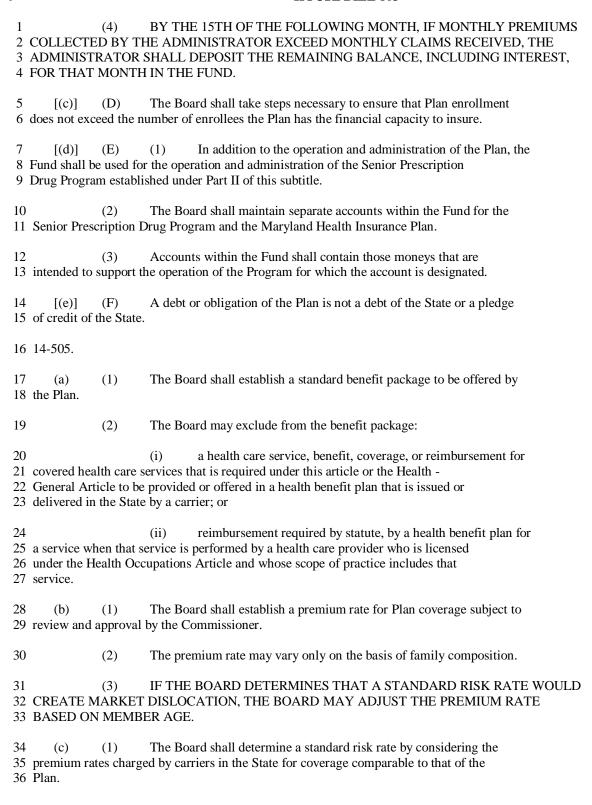
- 4 FOR the purpose of altering the responsibilities of the Health Services Cost Review
- 5 Commission with respect to funding for the Maryland Health Insurance Plan;
- 6 clarifying the fiscal year used in calculating the funding for the Plan;
- authorizing the Board of Directors for the Maryland Health Insurance Plan to
- 8 allow the Plan administrator to use premiums collected from enrollees to pay
- 9 certain claims; requiring the administrator to deposit premiums in a certain
- account and to keep certain records; requiring the administrator, under certain
- circumstances, to deposit a certain amount in the Maryland Health Insurance
- 12 Plan Fund; authorizing the Board to make a certain adjustment under certain
- 13 circumstances; authorizing premiums collected for the Senior Prescription Drug
- Program to be deposited into a certain account; making this Act an emergency
- measure; and generally relating to the Maryland Health Insurance Plan and
- 16 Senior Prescription Drug Program.
- 17 BY repealing and reenacting, with amendments,
- 18 Article Health General
- 19 Section 19-219(d)
- 20 Annotated Code of Maryland
- 21 (2000 Replacement Volume and 2002 Supplement)
- 22 BY repealing and reenacting, with amendments,
- 23 Article Insurance
- 24 Section 14-504, 14-505, and 14-513
- 25 Annotated Code of Maryland
- 26 (2002 Replacement Volume and 2002 Supplement)
- 27 BY repealing and reenacting, with amendments,
- 28 Chapter 153 of the Acts of the General Assembly of 2002
- 29 Section 10

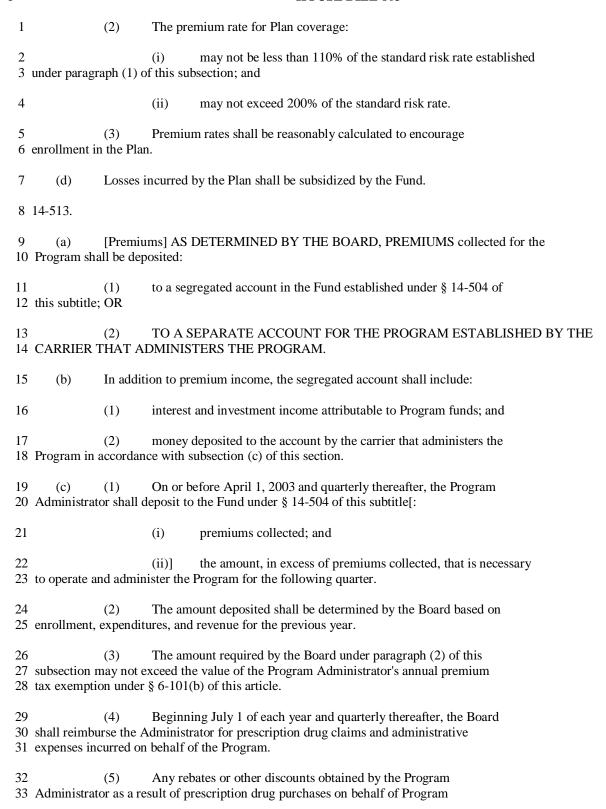
1 2	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:
3	Article - Health - General
4	19-219.
7	(d) (1) In this subsection, "base hospital rate" means the aggregate value to participating commercial health insurance carriers of the substantial, available, and affordable coverage purchaser differential as determined by the Commission for the calendar year 2002.
11	(2) The Commission, in accordance with this subsection, shall [determine and collect] CALCULATE THE AMOUNT OF 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.
18	(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.
20	(4) On or before May 1 of each year, the Commission shall:
23 24	(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 STATE 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.
32	Article - Insurance
33	14-504.
34	(a) (1) There is a Maryland Health Insurance Plan Fund.
35 36	(2) The Fund is a special nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

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1 2	account for the	(3) he Fund.	The Treasurer shall separately hold and the Comptroller shall
	Board in a m this article.	(4) anner tha	The Fund shall be invested and reinvested at the direction of the at is consistent with the requirements of Title 5, Subtitle 6 of
6		(5)	Any investment earnings shall be retained to the credit of the Fund.
			On an annual basis, the Fund shall be subject to an independent ag forth an opinion relating to reserves and related actuarial of policies and contracts.
10 11	authorized u	(7) ander this	The Fund shall be used only to provide funding for the purposes subtitle.
12	(b)	The Fun	d shall consist of:
13		(1)	premiums for coverage that the Plan issues;
14		(2)	premiums paid by enrollees of the Senior Prescription Drug Program;
15 16	Article;	(3)	money collected in accordance with § 19-219 of the Health - General
17 18	subtitle;	(4)	money deposited by a carrier in accordance with § 14-513 of this
19 20	behalf of the	(5) Fund;	income from investments that the Board makes or authorizes on
21		(6)	interest on deposits or investments of money from the Fund; and
22 23	taken by the	(7) Board or	money collected by the Board as a result of legal or other actions n behalf of the Fund.
	(C) COLLECTE PLAN ENR		THE BOARD MAY ALLOW THE ADMINISTRATOR TO USE PREMIUMS HE ADMINISTRATOR FROM PLAN ENROLLEES TO PAY CLAIMS FOR
27		(2)	THE ADMINISTRATOR:
28 29	SEPARATE	E ACCOU	(I) SHALL DEPOSIT ALL PREMIUMS FOR PLAN ENROLLEES IN A JNT FOR THE MARYLAND HEALTH INSURANCE PLAN; AND
30 31	PLAN ENR	OLLEES	(II) MAY USE MONEY IN THE ACCOUNT ONLY TO PAY CLAIMS FOR
32 33	RECORDS	(3) OF ALL	THE ADMINISTRATOR SHALL KEEP COMPLETE AND ACCURATE TRANSACTIONS FOR THE SEPARATE ACCOUNT.

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1 enrollees from a pharmaceutical benefit manager or pharmaceutical manufacturer

2	shall inure to the benefit of the Program and be deposited to the Fund.					
3	Chapter 153 of the Acts of 2002					
4	SECTION 10. AND BE IT FURTHER ENACTED, That:					
7	(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 regulations governing the SAAC program.					
9 10	(2) For the final quarter of fiscal year 2003, the Health Services Cost Review Commission:					
11	(i) may not allow any carrier to receive a SAAC purchaser differential;					
12 13	(ii) may not adjust hospital rates to reflect the elimination of any SAAC purchaser differential; AND					
	(III) SHALL DETERMINE THE AMOUNT EQUAL TO THE VALUE OF THE SAAC PURCHASER DIFFERENTIAL FOR EACH HOSPITAL FOR WHICH RATES HAVE BEEN APPROVED BY THE COMMISSION.					
17 18	(3) FOR THE FINAL QUARTER OF FISCAL YEAR 2003, THE MARYLAND HEALTH INSURANCE PLAN:					
21 22	[(iii)] (I) shall collect from each hospital for which rates are established by the Commission an amount equal to the value of the SAAC purchaser differential AS DETERMINED UNDER ITEM (2)(III) OF THIS SECTION and deposit that AMOUNT [money, minus the losses and fees paid to SAAC carriers for the quarter,] into the Maryland Health Insurance Plan Fund;					
24 25	[(iv)] (II) shall establish a methodology for reimbursing each carrier for losses incurred within the quarter that are attributable to SAAC enrollees; and					
	[(v)] (III) 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.					
29	[(3)] (4) 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					
35	(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 and one 30-day open enrollment period for eligible individuals in December 2002.					

- SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from

- 5 the date it is enacted.