
By: **Delegate Hammen**
Introduced and read first time: February 21, 2003
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Small Group Market - Health Reimbursement**
3 **Arrangements**

4 FOR the purpose of requiring the Maryland Health Care Commission to adopt
5 regulations for small group health insurance that specify a modified health
6 benefit plan that qualifies as a certain health reimbursement arrangement; and
7 generally relating to health benefit plans under small group health insurance.

8 BY repealing and reenacting, with amendments,
9 Article - Insurance
10 Section 15-1207
11 Annotated Code of Maryland
12 (2002 Replacement Volume and 2002 Supplement)

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

15 **Article - Insurance**

16 15-1207.

17 (a) In accordance with Title 19, Subtitle 1 of the Health - General Article, the
18 Commission shall adopt regulations that specify:

19 (1) the Comprehensive Standard Health Benefit Plan to apply under this
20 subtitle; [and]

21 (2) a modified health benefit plan for medical savings accounts that
22 qualify under the federal Health Insurance Portability and Accountability Act of 1996,
23 including:

24 (i) a waiver of deductibles as permitted under federal law;

25 (ii) minimum funding standards for medical savings accounts; and

1 (iii) authorization for offering the modified plan only by those
2 persons who offer the Comprehensive Standard Health Benefit Plan adopted in
3 accordance with item (1) of this subsection; AND

4 (3) A MODIFIED HEALTH BENEFIT PLAN THAT QUALIFIES AS A HEALTH
5 REIMBURSEMENT ARRANGEMENT AS PROVIDED FOR BY THE INTERNAL REVENUE
6 SERVICE AND ALLOWED UNDER THE INTERNAL REVENUE CODE, INCLUDING A MENU
7 OF DEDUCTIBLES TO INCLUDE A DEDUCTIBLE OF AT LEAST \$5,000.

8 (b) The Commission shall require that the minimum benefits allowed to be
9 offered in the Standard Plan:

10 (1) by a health maintenance organization, shall include at least the
11 actuarial equivalent of the minimum benefits required to be offered by a federally
12 qualified health maintenance organization; and

13 (2) by an insurer or nonprofit health service plan on an
14 expense-incurred basis, shall be actuarially equivalent to at least the minimum
15 benefits required to be offered under item (1) of this subsection.

16 (c) (1) Subject to paragraph (2) of this subsection, the Commission shall
17 exclude or limit benefits or adjust cost-sharing arrangements in the Standard Plan if
18 the average rate for the Standard Plan exceeds 12% of the average annual wage in the
19 State.

20 (2) The Commission annually shall determine the average rate for the
21 Standard Plan by using the average rate submitted by each carrier that offers the
22 Standard Plan.

23 (d) In establishing benefits, the Commission shall judge preventive services,
24 medical treatments, procedures, and related health services based on:

25 (1) their effectiveness in improving the health status of individuals;

26 (2) their impact on maintaining and improving health and on reducing
27 the unnecessary consumption of health care services; and

28 (3) their impact on the affordability of health care coverage.

29 (e) The Commission may exclude:

30 (1) a health care service, benefit, coverage, or reimbursement for covered
31 health care services that is required under this article or the Health - General Article
32 to be provided or offered in a health benefit plan that is issued or delivered in the
33 State by a carrier; or

34 (2) reimbursement required by statute, by a health benefit plan for a
35 service when that service is performed by a health care provider who is licensed under
36 the Health Occupations Article and whose scope of practice includes that service.

1 (f) The Standard Plan shall include uniform deductibles and cost-sharing
2 associated with its benefits, as determined by the Commission.

3 (g) In establishing cost-sharing as part of the Standard Plan, the Commission
4 shall:

5 (1) include cost-sharing and other incentives to help prevent consumers
6 from seeking unnecessary services;

7 (2) balance the effect of cost-sharing in reducing premiums and in
8 affecting utilization of appropriate services; and

9 (3) limit the total cost-sharing that may be incurred by an individual in
10 a year.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 October 1, 2003.