
By: **Senator Astle**

Introduced and read first time: January 31, 2003

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Small Business Health Insurance Affordability Act**

3 FOR the purpose of specifying the manner in which certain health insurance benefits
4 must be offered to certain employers; lowering the rate cap for certain health
5 insurance benefits; requiring the Maryland Health Care Commission and the
6 Maryland Insurance Administration to study certain aspects of the
7 administrative cost of health plans in the small group market; specifying the
8 intent of the General Assembly; and generally relating to small group market
9 health insurance.

10 BY repealing and reenacting, with amendments,
11 Article - Insurance
12 Section 15-1204 and 15-1207(c)
13 Annotated Code of Maryland
14 (2002 Replacement Volume and 2002 Supplement)

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

17 **Article - Insurance**

18 15-1204.

19 (a) In addition to any other requirement under this article, a carrier shall:

20 (1) have demonstrated the capacity to administer the health benefit
21 plan, including adequate numbers and types of administrative personnel;

22 (2) have a satisfactory grievance procedure and ability to respond to
23 enrollees' calls, questions, and complaints;

24 (3) provide, in the case of individuals covered under more than one
25 health benefit plan, for coordination of coverage under all of those health benefit
26 plans in an equitable manner; and

1 (4) design policies to help ensure adequate access to providers of health
2 care.

3 (b) A person may not offer a health benefit plan in the State unless the person
4 offers at least the Standard Plan.

5 (c) A carrier may not offer a health benefit plan that has fewer benefits than
6 those in the Standard Plan.

7 (d) (1) A carrier may offer benefits in addition to those in the Standard Plan
8 if the additional benefits:

9 [(1)] (I) are offered and priced separately from benefits specified in
10 accordance with § 15-1207 of this subtitle; and

11 [(2)] (II) do not have the effect of duplicating any of those benefits.

12 (2) THE STANDARD PLAN SHALL BE OFFERED TO THE EMPLOYER IN A
13 FORMAT TO BE DETERMINED BY THE COMMISSION THAT:

14 (I) CLEARLY DISTINGUISHES THE STANDARD PLAN FROM OTHER
15 OFFERINGS OF THE CARRIER;

16 (II) INDICATES THE STANDARD PLAN IS THE ONLY PLAN REQUIRED
17 BY STATE LAW; AND

18 (III) SPECIFIES THAT ALL ENHANCEMENTS TO THE STANDARD
19 PLAN ARE NOT REQUIRED BY STATE LAW.

20 (e) Notwithstanding subsection (b) of this section, a health maintenance
21 organization may provide a point of service delivery system as an additional benefit
22 through another carrier regardless of whether the other carrier also offers the
23 Standard Plan.

24 (f) A carrier may offer coverage for dental care and services as an additional
25 benefit.

26 15-1207.

27 (c) (1) Subject to paragraph (2) of this subsection, the Commission shall
28 exclude or limit benefits or adjust cost-sharing arrangements in the Standard Plan if
29 the average rate for the Standard Plan exceeds [12%] 10% of the average annual
30 wage in the State.

31 (2) The Commission annually shall determine the average rate for the
32 Standard Plan by using the average rate submitted by each carrier that offers the
33 Standard Plan.

34 SECTION 2. AND BE IT FURTHER ENACTED, That:

1 (a) On or before January 1, 2004, the Maryland Health Care Commission, in
2 consultation with the Maryland Insurance Administration, shall conduct an analysis
3 of the administrative cost of health plans in the small group market, including:

4 (1) the total amount and distribution of administrative costs;

5 (2) the strategies for lowering administrative costs; and

6 (3) the appropriateness of the medical loss ratios specified in §
7 15-605(c)(7) of the Health - General Article.

8 (b) It is the intent of the General Assembly that licensed entities and
9 individuals including health insurers, nonprofit health service plans, health
10 maintenance organizations, agents, and brokers cooperate with the Commission in
11 the execution of the study by providing data in a timely and complete manner.

12 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
13 effect July 1, 2003.