
By: **Senator Astle**
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Assigned to: Finance

Committee Report: Favorable with amendments
Senate action: Adopted
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CHAPTER _____

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 conduct an analysis of and make
7 recommendations on certain aspects of the administrative cost of health plans in
8 the small group market; specifying the intent of the General Assembly; and
9 generally relating to small group market 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;

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

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

6 (4) design policies to help ensure adequate access to providers of health
7 care.

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

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

12 (d) ~~(4)~~ A carrier may offer benefits in addition to those in the Standard Plan
13 if:

14 (1) the additional benefits:

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

17 [(2)] (II) do not have the effect of duplicating any of those benefits; AND

18 (2) ~~THE STANDARD PLAN SHALL BE OFFERED TO THE EMPLOYER IN A~~
19 ~~FORMAT TO BE DETERMINED BY THE COMMISSION THAT CARRIER:~~

20 (I) CLEARLY DISTINGUISHES THE STANDARD PLAN FROM OTHER
21 OFFERINGS OF THE CARRIER;

22 (II) INDICATES THE STANDARD PLAN IS THE ONLY PLAN REQUIRED
23 BY STATE LAW; AND

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

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

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

32 15-1207.

33 (c) (1) Subject to paragraph (2) of this subsection, the Commission shall
34 exclude or limit benefits or adjust cost-sharing arrangements in the Standard Plan if

1 the average rate for the Standard Plan exceeds [12%] 10% of the average annual
2 wage in the State.

3 (2) The Commission annually shall determine the average rate for the
4 Standard Plan by using the average rate submitted by each carrier that offers the
5 Standard Plan.

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

7 (a) On or before January 1, 2004, the Maryland Health Care Commission, in
8 consultation with the Maryland Insurance Administration, shall conduct an analysis
9 of and make recommendations on the administrative cost of health plans in the small
10 group market, including:

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

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

13 (3) the appropriateness of the medical loss ratios specified in §
14 ~~15-605(c)(7) of the Health-General~~ § 15-605(c)(1) of the Insurance Article.

15 (b) It is the intent of the General Assembly that licensed entities and
16 individuals including health insurers, nonprofit health service plans, health
17 maintenance organizations, ~~agents, and brokers~~ and insurance producers cooperate
18 with the Commission in the execution of the study by providing data in a timely and
19 complete manner.

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