

BY: Finance Committee

AMENDMENTS TO SENATE BILL NO. 570

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in lines 6, 10, 12, 15, and 18, in each instance, after “Limited” insert “Health Benefit”; strike beginning with “establishing” in line 7 down through “Plan;” in line 9; in line 11, strike “Standard Plan” and substitute “Comprehensive Standard Health Benefit Plan”; strike beginning with “requiring” in line 12 down through “Plan;” in line 13; in line 13, after the second “Limited” insert “Health Benefit”; in line 15, after “Plan;” insert “requiring carriers that offer insurance in the small group market to offer the Standard Plan to certain small employers; requiring certain carriers that offer insurance in the small group market to offer the Limited Health Benefit Plan to certain small employers; authorizing certain carriers that offer insurance in the small group market to offer the Limited Health Benefit Plan to certain small employers; requiring a carrier to offer coverage for all eligible employees and dependents of a small employer that qualifies for and chooses the Limited Health Benefit Plan and prohibiting the carrier from offering the Standard Plan for any members of the small employer’s group; prohibiting a carrier from offering a benefit in addition to the Limited Health Benefit Plan except for an additional benefit to lower the cost-sharing arrangements in the Limited Health Benefit Plan; providing that each additional benefit is subject to certain provisions of law; authorizing the Maryland Insurance Commissioner to prohibit a carrier from offering an additional benefit under certain circumstances; repealing certain obsolete provisions of law relating to the MCHP private option plan; making certain clarifying and conforming changes;”; in line 16, strike “a certain term” and substitute “certain terms”; and in the same line, after “Commission” insert “and the Maryland Insurance Administration”.

On page 2, in line 5, after “19-103(c)(6)” insert “and 19-108(a)”; in line 15, strike “and 15-1204(g)”; and in line 20, strike “15-1204(b) and (c) and 15-1207” and substitute “15-1204(c), 15-1207, 15-1209, and 15-1213”.

On page 3, after line 6, insert:

(Over)

“19-108.

(a) In addition to the duties set forth elsewhere in this subtitle, the Commission shall adopt regulations:

(1) [specifying] SPECIFYING the comprehensive standard health benefit plan to apply under Title 15, Subtitle 12 of the Insurance Article; AND

(2) SPECIFYING THE LIMITED HEALTH BENEFIT PLAN TO APPLY UNDER TITLE 15, SUBTITLE 12 OF THE INSURANCE ARTICLE.”;

in line 10, after the first “LIMITED” insert “BENEFIT”; strike lines 14 and 15 in their entirety; and in line 16, after “LIMITED” insert “BENEFIT”.

On page 5, in line 21, after “benefits” insert “UNDER THE STANDARD PLAN AND THE LIMITED BENEFIT PLAN”; and in line 27, after “exclude” insert “FROM THE STANDARD PLAN OR THE LIMITED BENEFIT PLAN”.

On page 6, in lines 1 and 5, in each instance, after “LIMITED” insert “BENEFIT”; and in line 1, strike “EACH”.

#### AMENDMENT NO. 2

On page 3, strike in their entirety lines 18 through 25, inclusive.

On page 6, after line 11, insert:

“15-1209.

(a) This section does not apply to any insurance enumerated in § 15-1201(f)(3)(i) through (xiii) of this subtitle.

(b) A carrier shall issue its health benefit plans to each small employer that meets the requirements of this section.

(C) (1) A CARRIER THAT OFFERS INSURANCE IN THE SMALL GROUP MARKET SHALL OFFER THE STANDARD PLAN TO EACH SMALL EMPLOYER THAT MEETS THE REQUIREMENTS OF THIS SECTION.

(2) (I) IN THIS PARAGRAPH, “PROMINENT CARRIER” MEANS A CARRIER THAT INSURES AT LEAST 25% OF THE TOTAL LIVES INSURED IN THE SMALL

GROUP MARKET.

(II) A PROMINENT CARRIER THAT OFFERS INSURANCE IN THE SMALL GROUP MARKET SHALL OFFER, AND ANY OTHER CARRIER THAT OFFERS INSURANCE IN THE SMALL GROUP MARKET MAY OFFER, THE LIMITED BENEFIT PLAN, BUT ONLY TO A SMALL EMPLOYER:

1. THAT HAS NOT PROVIDED THE STANDARD PLAN DURING THE 12-MONTH PERIOD PRECEDING THE DATE OF APPLICATION OR, IF THE SMALL EMPLOYER HAS EXISTED FOR LESS THAN 12 MONTHS, FROM THE DATE THE SMALL EMPLOYER COMMENCED ITS BUSINESS; AND

2. FOR WHICH THE AVERAGE ANNUAL WAGE OF THE SMALL EMPLOYER'S GROUP DOES NOT EXCEED 75% OF THE AVERAGE ANNUAL WAGE IN THE STATE.

(D) FOR SMALL EMPLOYERS THAT QUALIFY FOR AND CHOOSE THE LIMITED BENEFIT PLAN, A CARRIER:

(1) MUST OFFER COVERAGE FOR ALL ELIGIBLE EMPLOYEES AND DEPENDENTS UNDER THE LIMITED BENEFIT PLAN; AND

(2) MAY NOT OFFER THE STANDARD PLAN FOR ANY MEMBERS OF THE SMALL EMPLOYER'S GROUP.

[(c)] (E) (1) Nothing in this subsection requires a small employer to contribute to the premium payments for coverage of a dependent of an eligible employee.

(2) To be covered under a health benefit plan offered by a carrier, a small employer shall:

(i) elect to be covered;

(Over)

(ii) agree to pay the premiums;

(iii) agree to offer coverage to any dependent of an eligible employee when coverage is sought by the eligible employee, in accordance with provisions governing late enrollees and any other provisions of this subtitle that apply to coverage;

(iv) agree to collect payments for premiums through payroll deductions for coverage of eligible employees and dependents and transmit those payments to the carrier; and

(v) satisfy other reasonable provisions of the health benefit plan as approved by the Commissioner.

~~[(d)]~~ (F) (1) In determining whether a small employer satisfies the requirements of this section, a carrier shall apply its requirements uniformly among all small employers with the same number of eligible employees who apply for or receive coverage from the carrier, including a requirement that a minimum percentage of eligible employees of the small employer participate in the health benefit plan.

(2) A carrier may vary application of minimum participation of eligible employees only by the size of the group of the small employer.

~~[(e)]~~ (G) A carrier may not require a small employer to contribute to payment of premiums for a health benefit plan.”.

AMENDMENT NO. 3

On page 6, before line 12, insert:

“15-1213.

(a) This section does not apply to any insurance enumerated in § 15-1201(f)(3)(i) through (xiii) of this subtitle.

(b) Each benefit offered in addition to the Standard Plan that increases access to care choices or lowers the cost-sharing arrangement in the Standard Plan is subject to all of the provisions of this subtitle applicable to the Standard Plan, including:

- (1) guaranteed issuance;
- (2) guaranteed renewal;
- (3) adjusted community rating; and
- (4) the prohibition on preexisting condition limitations.

(c) (1) Each benefit offered in addition to the Standard Plan that increases the type of services available or the frequency of services is not subject to guaranteed issuance but is subject to all other provisions of this subtitle applicable to the Standard Plan, including:

- (i) guaranteed renewal;
- (ii) adjusted community rating; and
- (iii) the prohibition on preexisting condition limitations.

(2) For each additional benefit offered under this subsection, a carrier shall accept or reject the application of the entire group.

(3) The Commissioner may prohibit a carrier from offering an additional benefit under this subsection if the Commissioner finds that the additional benefit will be sold in conjunction with the Standard Plan in a manner designed to promote risk selection or underwriting practices otherwise prohibited by this subtitle.

(d) (1) A benefit offered in addition to the Standard Plan to lower the cost-sharing arrangement in the Standard Plan in accordance with § 15-301.1 of the Health - General Article is subject to:

- (i) guaranteed issuance;

- (ii) guaranteed renewal;
- (iii) adjusted community rating; and
- (iv) the prohibition on preexisting condition limitations.

(2) A carrier that offers a benefit under this subsection shall be required to guarantee issuance and guarantee renewal of the additional benefit only to employers who are participating in the MCHP private option plan established under § 15-301.1 of the Health - General Article.]

(D) (1) A CARRIER MAY NOT OFFER A BENEFIT IN ADDITION TO THE LIMITED BENEFIT PLAN, EXCEPT FOR AN ADDITIONAL BENEFIT TO LOWER THE COST-SHARING ARRANGEMENTS IN THE LIMITED BENEFIT PLAN.

(2) EACH BENEFIT OFFERED IN ADDITION TO THE LIMITED BENEFIT PLAN IS SUBJECT TO ALL OF THE PROVISIONS OF THIS SUBTITLE APPLICABLE TO THE LIMITED BENEFIT PLAN, INCLUDING:

- (I) GUARANTEED ISSUANCE;
- (II) GUARANTEED RENEWAL;
- (III) ADJUSTED COMMUNITY RATING; AND
- (IV) THE PROHIBITION ON PREEXISTING CONDITION LIMITATIONS.

(3) THE COMMISSIONER MAY PROHIBIT A CARRIER FROM OFFERING AN ADDITIONAL BENEFIT UNDER THIS SUBSECTION IF THE COMMISSIONER FINDS THAT THE ADDITIONAL BENEFIT WILL BE SOLD IN CONJUNCTION WITH THE LIMITED BENEFIT PLAN IN A MANNER DESIGNED TO PROMOTE RISK SELECTION OR UNDERWRITING PRACTICES OTHERWISE PROHIBITED BY THIS SUBTITLE.”.

AMENDMENT NO. 4

On pages 4 and 5, strike in their entirety the lines beginning with line 17 on page 4 through

line 13 on page 5, inclusive.

On page 5, in lines 14, 21, and 27, in each instance, strike the brackets; in line 14, strike “(D)”; in line 21, strike “(E)”; and in line 27, strike “(F)”.

On page 6, in lines 1 and 4, in each instance, strike the brackets; in line 1, strike “(G)”; in line 4, strike “(H)”; in line 15, strike “and”; and after line 15, insert:

“(b) in specifying the Limited Health Benefit Plan, the Maryland Health Care Commission shall:

(1) ensure that the actuarial value of the Limited Health Benefit Plan does not exceed 70% of the actuarial value of the Comprehensive Standard Health Benefit Plan as of January 1, 2004; and

(2) consider including in the Limited Health Benefit Plan the benefits required to be included in a limited benefits policy authorized by Chapter 434 of the Acts of 1991;”.

AMENDMENT NO. 5

On page 6, in line 16, strike “(b)” and substitute “(c)”; in line 19, after “2005” insert “; and

(d) on or before July 1, 2005, the Maryland Insurance Administration shall adopt regulations that:

(1) specify a disclosure statement notifying a small employer that the limited health benefit plan provides only basic benefits, and that more comprehensive coverage is available under the Comprehensive Standard Health Benefit Plan; and

(2) require a carrier that offers the Limited Health Benefit Plan to obtain a signed disclosure statement from the small employer at the time of the initial purchase of coverage and at renewal”; in line 25, strike “June 30, 2006” and substitute “December 31, 2005”; in the same line, strike “and from”; in the same line, strike the second “July” and substitute “January”; in line 26, strike “July 1, 2007” and substitute “December 31, 2006, and January 1, 2007 through June 30,

(Over)

2007”; in line 29, strike “in effect” and substitute “sold”; in line 32, after “the” insert “average”; in the same line, strike “of residence”; and in lines 32 and 33, strike “income level of eligible employees” and substitute “average wage of each employer group”.