
By: **Chairman, Health and Government Operations Committee (By Request
- Departmental - Insurance Administration, Maryland)**

Introduced and read first time: February 4, 2004

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Health Insurance Plan - Board of Directors - Authority**

3 FOR the purpose of allowing the Board of Directors of the Maryland Health Insurance
4 Plan to adopt regulations to limit enrollment in certain circumstances;
5 expanding the sources of revenue for the Maryland Health Insurance Plan
6 Fund; authorizing the Board to adjust premiums based on certain geographic
7 areas in the State; authorizing the Board to subsidize premiums, deductibles,
8 and other policy expenses, based on a Plan member's income; and generally
9 relating to the Maryland Health Insurance Plan.

10 BY repealing and reenacting, with amendments,
11 Article - Insurance
12 Section 14-501, 14-504, and 14-505
13 Annotated Code of Maryland
14 (2002 Replacement Volume and 2003 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 14-501.

19 (a) In this subtitle the following words have the meanings indicated.

20 (b) "Administrator" means:

21 (1) a person that is registered as an administrator under Title 8, Subtitle
22 3 of this article; or

23 (2) a carrier as defined under subsection (d) of this section.

24 (c) "Board" means the Board of Directors for the Maryland Health Insurance
25 Plan.

1 (d) "Carrier" means:

2 (1) an authorized insurer that provides health insurance in the State;

3 (2) a nonprofit health service plan that is licensed to operate in the
4 State; or

5 (3) a health maintenance organization that is licensed to operate in the
6 State.

7 (e) "Fund" means the Maryland Health Insurance Plan Fund.

8 (f) (1) "Medically uninsurable individual" means an individual who is a
9 resident of the State and who:

10 (i) provides evidence that, for health reasons, a carrier has refused
11 to issue substantially similar coverage to the individual;

12 (ii) provides evidence that, for health reasons, a carrier has refused
13 to issue substantially similar coverage to the individual, except at a rate that exceeds
14 the Plan rate;

15 (iii) satisfies the definition of "eligible individual" under § 15-1301
16 of this article;

17 (iv) has a history of or suffers from a medical or health condition
18 that is included on a list promulgated in regulation by the Board;

19 (v) is eligible for the tax credit for health insurance costs under § 35
20 of the Internal Revenue Code; or

21 (vi) is a dependent of an individual who is eligible for coverage
22 under this subsection.

23 (2) "Medically uninsurable individual" does not include an individual
24 who is eligible for coverage under:

25 (i) the federal Medicare program;

26 (ii) the Maryland Medical Assistance Program;

27 (iii) the Maryland Children's Health Program; or

28 (iv) an employer-sponsored group health insurance plan that
29 includes benefits comparable to Plan benefits, unless the individual is eligible for the
30 tax credit for health insurance costs under Section 35 of the Internal Revenue Code.

31 (3) THE BOARD MAY ADOPT REGULATIONS TO LIMIT ENROLLMENT OF
32 OTHERWISE ELIGIBLE INDIVIDUALS UNDER PARAGRAPH (1) OF THIS SUBSECTION
33 WHERE THE BOARD DETERMINES THAT ENROLLMENT CAPACITY IS ADVERSELY
34 IMPACTED.

1 (g) "Plan" means the Maryland Health Insurance Plan.

2 (h) "Plan of operation" means the articles, bylaws, and operating rules and
3 procedures adopted by the Board in accordance with § 14-503 of this subtitle.

4 14-504.

5 (a) (1) There is a Maryland Health Insurance Plan Fund.

6 (2) The Fund is a special nonlapsing fund that is not subject to § 7-302 of
7 the State Finance and Procurement Article.

8 (3) The Treasurer shall separately hold and the Comptroller shall
9 account for the Fund.

10 (4) The Fund shall be invested and reinvested at the direction of the
11 Board in a manner that is consistent with the requirements of Title 5, Subtitle 6 of
12 this article.

13 (5) Any investment earnings shall be retained to the credit of the Fund.

14 (6) On an annual basis, the Fund shall be subject to an independent
15 actuarial review setting forth an opinion relating to reserves and related actuarial
16 items held in support of policies and contracts.

17 (7) The Fund shall be used only to provide funding for the purposes
18 authorized under this subtitle.

19 (b) The Fund shall consist of:

20 (1) premiums for coverage that the Plan issues;

21 (2) except as provided in § 14-513(a) of this subtitle, premiums paid by
22 enrollees of the Senior Prescription Drug Program;

23 (3) money collected in accordance with § 19-219 of the Health - General
24 Article;

25 (4) money deposited by a carrier in accordance with § 14-513 of this
26 subtitle;

27 (5) income from investments that the Board makes or authorizes on
28 behalf of the Fund;

29 (6) interest on deposits or investments of money from the Fund;

30 (7) premium tax revenue collected under § 14-107 of this title; [and]

31 (8) money collected by the Board as a result of legal or other actions
32 taken by the Board on behalf of the [Fund] FUND;

1 (9) MONEY DONATED TO THE FUND; AND

2 (10) MONEY AWARDED TO THE FUND THROUGH GRANTS.

3 (c) (1) The Board may allow the Administrator to use premiums collected by
4 the Administrator from Plan enrollees to pay claims for Plan enrollees.

5 (2) The Administrator:

6 (i) shall deposit all premiums for Plan enrollees in a separate
7 account, titled in the name of the State of Maryland, for the Maryland Health
8 Insurance Plan; and

9 (ii) may use money in the account only to pay claims for Plan
10 enrollees.

11 (3) The Administrator shall keep complete and accurate records of all
12 transactions for the separate account.

13 (4) By the 15th of the following month, if monthly premiums collected by
14 the Administrator exceed monthly claims received, the Administrator shall deposit
15 the remaining balance, including interest, for that month in the Fund.

16 (d) The Board shall take steps necessary to ensure that Plan enrollment does
17 not exceed the number of enrollees the Plan has the financial capacity to insure.

18 (e) (1) In addition to the operation and administration of the Plan, the Fund
19 shall be used for the operation and administration of the Senior Prescription Drug
20 Program established under Part II of this subtitle.

21 (2) The Board shall maintain separate accounts within the Fund for the
22 Senior Prescription Drug Program and the Maryland Health Insurance Plan.

23 (3) Accounts within the Fund shall contain those moneys that are
24 intended to support the operation of the Program for which the account is designated.

25 (f) A debt or obligation of the Plan is not a debt of the State or a pledge of
26 credit of the State.

27 14-505.

28 (a) (1) The Board shall establish a standard benefit package to be offered by
29 the Plan.

30 (2) The Board may exclude from the benefit package:

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

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

5 (b) (1) The Board shall establish a premium rate for Plan coverage subject to
6 review and approval by the Commissioner.

7 (2) The premium rate may vary only on the basis of family composition.

8 (3) THE PREMIUM RATE MAY BE ADJUSTED FOR GEOGRAPHY BASED ON
9 THE FOLLOWING CONTIGUOUS AREAS OF THE STATE:

10 (I) THE BALTIMORE METROPOLITAN AREA;

11 (II) THE DISTRICT OF COLUMBIA METROPOLITAN AREA;

12 (III) WESTERN MARYLAND; AND

13 (IV) EASTERN AND SOUTHERN MARYLAND.

14 [(3)] (4) If the Board determines that a standard risk rate would create
15 market dislocation, the Board may adjust the premium rate based on member age.

16 (c) (1) The Board shall determine a standard risk rate by considering the
17 premium rates charged by carriers in the State for coverage comparable to that of the
18 Plan.

19 (2) The premium rate for Plan coverage:

20 (i) may not be less than 110% of the standard risk rate established
21 under paragraph (1) of this subsection; and

22 (ii) may not exceed 200% of the standard risk rate.

23 (3) Premium rates shall be reasonably calculated to encourage
24 enrollment in the Plan.

25 (4) THE BOARD MAY SUBSIDIZE PREMIUMS, DEDUCTIBLES, AND OTHER
26 POLICY EXPENSES, BASED ON THE MEMBER'S INCOME.

27 (d) Losses incurred by the Plan shall be subsidized by the Fund.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
29 effect October 1, 2004.