Unofficial Copy

2004 Regular Session 4lr1000 CF 4lr0993

# $By: \ Chairman, \ Health \ and \ Government \ Operations \ Committee \ (By \ Request$

- Departmental - Health and Mental Hygiene)

Introduced and read first time: February 25, 2004 Assigned to: Rules and Executive Nominations

#### A BILL ENTITLED

4	4 % T		•
1	AN	A( "I	concerning
	7 11 1	1101	Concerning

2	2	Health Reform Act of 2004

- 3 FOR the purpose of authorizing the Maryland Health Care Commission to establish a
- 4 limited benefit plan to be offered to certain small employers; establishing the
- 5 maximum actuarial value of the limited benefit plan; specifying certain
- 6 conditions and limitations with respect to carriers that offer limited benefit
- 7 plans under this Act; defining certain terms; and generally relating to health
- 8 care insurance for small group employers.
- 9 BY repealing and reenacting, with amendments,
- 10 Article Health General
- 11 Section 19-103 and 19-108
- 12 Annotated Code of Maryland
- 13 (2000 Replacement Volume and 2003 Supplement)
- 14 BY repealing and reenacting, with amendments,
- 15 Article Insurance
- 16 Section 15-1201, 15-1207, 15-1209, and 15-1213
- 17 Annotated Code of Maryland
- 18 (2002 Replacement Volume and 2003 Supplement)
- 19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 20 MARYLAND, That the Laws of Maryland read as follows:

#### 21 Article - Health - General

- 22 19-103.
- 23 (a) There is a Maryland Health Care Commission.
- 24 (b) The Commission is an independent commission that functions in the
- 25 Department.
- 26 (c) The purpose of the Commission is to:

	access to appropriate qual	velop health care cost containment strategies to help provide ity health care services for all Marylanders, after Services Cost Review Commission;
	* *	mote the development of a health regulatory system that ers, financial and geographic access to quality health care set by:
7 8	( )	Advocating policies and systems to promote the efficient access to health care services; and
9 10	(ii) O delivery and regulatory sy	Enhancing the strengths of the current health care service vstem;
11 12	1 (3) Fac 2 development of public po	ilitate the public disclosure of medical claims data for the licy;
13 14	3 (4) Esta 4 services rendered by heal	ablish and develop a medical care data base on health care th care practitioners;
17	6 to permit the comparison	courage the development of clinical resource management systems of costs between various treatment settings and the 1 to consumers, providers, and purchasers of health care
19 20	9 (6) In a O develop:	accordance with Title 15, Subtitle 12 of the Insurance Article,
21 22	1 (i) 2 Comprehensive Standard	A uniform set of effective benefits to be included in the Health Benefit Plan; [and]
23 24	3 4 AND	A modified health benefit plan for medical savings accounts;
25	5 (III)	A LIMITED BENEFIT PLAN;
26 27		alyze the medical care data base and provide, in aggregate form, ariations in costs associated with health care practitioners;
30	9 to compile data and inform	aure utilization of the medical care data base as a primary means mation and annually report on trends and variances, cost of care, regional and national comparisons, and e situations;
32 33	2 (9) Esta 3 electronic claims clearing	ablish standards for the operation and licensing of medical care houses in Maryland;
34 35	4 (10) Red 5 claims for health care pra	luce the costs of claims submission and the administration of ctitioners and payors;

1 2	(11) State in accordance		ine the cost of mandated health insurance services in the 15, Subtitle 15 of the Insurance Article;
3	(12) practitioners and rei		e the availability of information to consumers on charges by ents from payors; and
5 6	(13) Fund in conjunction		e and administer the Maryland Trauma Physician Services Health Services Cost Review Commission.
	Department and the	Health Se	n shall coordinate the exercise of its functions with the rvices Cost Review Commission to ensure an re policy for the State.
10	19-108.		
11 12	(a) In add Commission shall a		e duties set forth elsewhere in this subtitle, the lations:
13 14			ring] SPECIFYING the comprehensive standard health benefit Subtitle 12 of the Insurance Article; AND
15 16			BEFORE JULY 1, 2005, SPECIFYING THE LIMITED BENEFIT TITLE 15, SUBTITLE 12 OF THE INSURANCE ARTICLE.
17 18			ts duties under this section, the Commission shall comply 207 of the Insurance Article.
19			Article - Insurance
20	15-1201.		
21	(a) In this	subtitle th	ne following words have the meanings indicated.
22 23	(b) "Board 15-1216 of this sub		he Board of Directors of the Pool established under §
24	(c) "Carrie	er" means	a person that:
25 26	(1) small employers; ar	offers h	ealth benefit plans in the State covering eligible employees of
27	(2)	is:	
28 29	State;	(i)	an authorized insurer that provides health insurance in the
30 31	State;	(ii)	a nonprofit health service plan that is licensed to operate in the
32 33	the State; or	(iii)	a health maintenance organization that is licensed to operate in

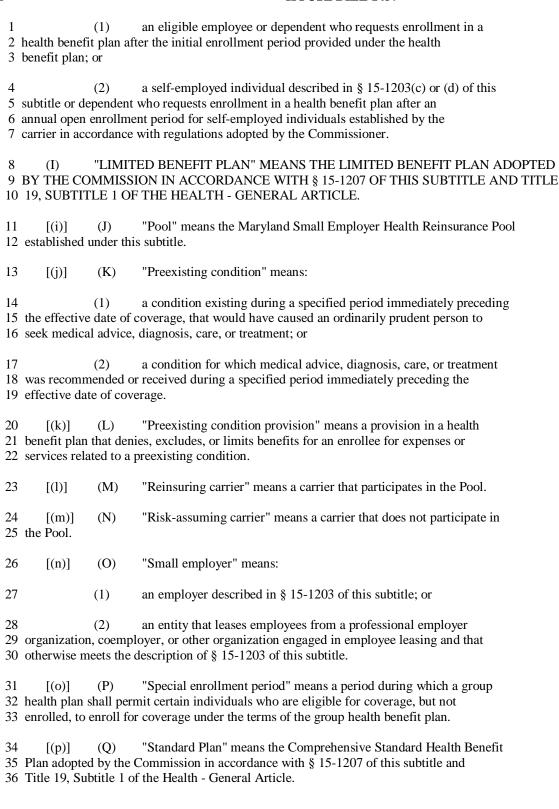
1 2	plans subject	to State	(iv) insurance	•	person or organization that provides health benefit n.
3 4	(d) under Title 1				Maryland Health Care Commission established General Article.
5	(e)	(1)	"Eligible	e employe	e" means:
6			(i)	an indivi	dual who:
	partner of a punder a healt		-	ependent o	is an employee, sole proprietor, self-employed individual, contractor who is included as an employee
10 11	at least 30 h	ours; or		2.	works on a full-time basis and has a normal workweek of
				venue Ser	aployee of a nonprofit organization that has been wice to be exempt from taxation under § enue Code who:
15				1.	has a normal workweek of at least 20 hours; and
16 17	insurance or	other he	alth bene		is not covered under a public or private plan for health ement.
18		(2)	"Eligible	e employe	e" does not include an individual who works:
19			(i)	on a temp	porary or substitute basis; or
20 21	subsection,	for less th	(ii) nan 30 ho		r an individual described in paragraph (1)(ii) of this ormal workweek.
22	(f)	(1)	"Health	benefit pla	an" means:
23			(i)	a policy of	or certificate for hospital or medical benefits;
24			(ii)	a nonpro	fit health service plan; or
25 26	contract.		(iii)	a health i	maintenance organization subscriber or group master
	medical ben that is issued		covers re		an" includes a policy or certificate for hospital or this State who are eligible employees and
30 31	another state	e; or	(i)	a multipl	e employer trust or association located in this State or
32 33	organization	located	(ii) in this Sta		ional employer organization, coemployer, or other ther state that engages in employee leasing.

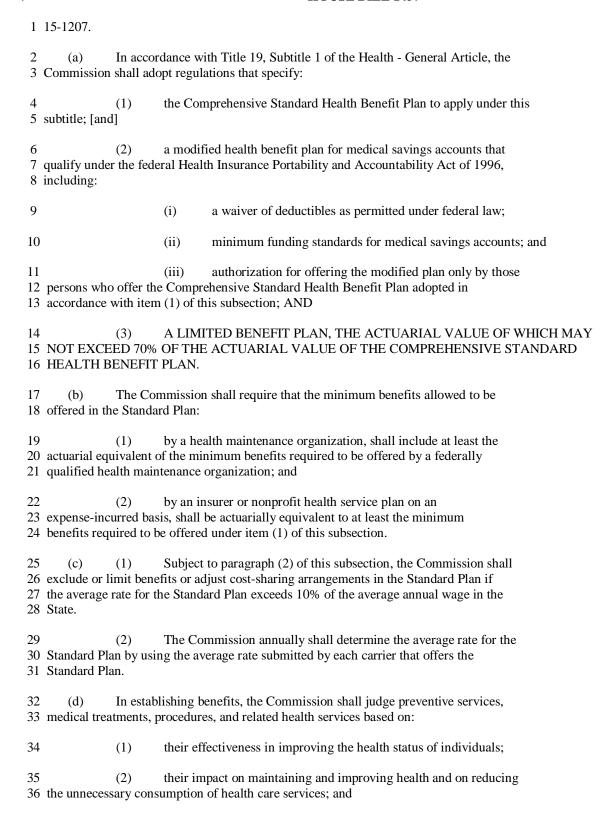
(h)

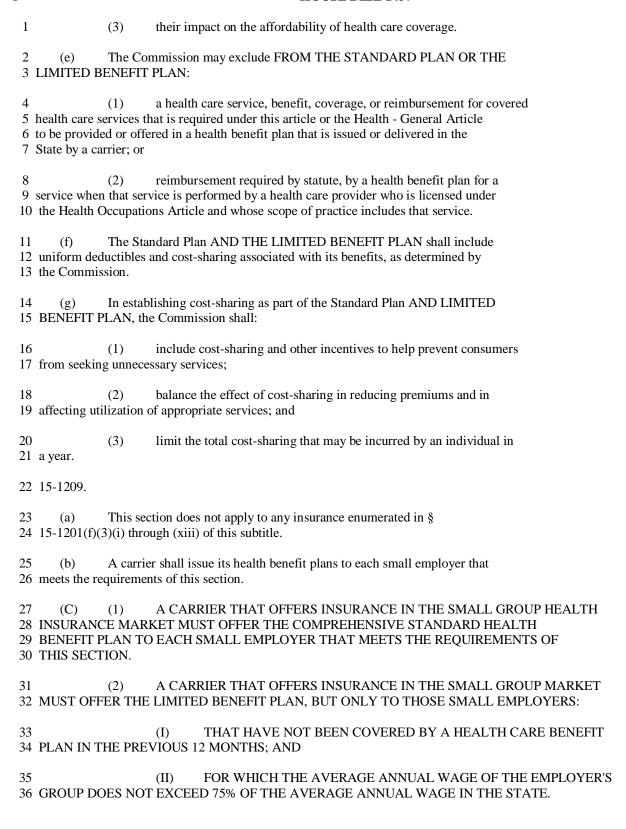
"Late enrollee" means:

26

1	(3)	"Health	benefit plan" does not include:	
2		(i)	accident-only insurance;	
3		(ii)	fixed indemnity insurance;	
4		(iii)	credit health insurance;	
5		(iv)	Medicare supplement policies;	
6 7	(CHAMPUS) supplen	(v) nent poli	Civilian Health and Medical Program of the Uniformed Services cies;	
8		(vi)	long-term care insurance;	
9		(vii)	disability income insurance;	
10		(viii)	coverage issued as a supplement to liability insurance;	
11		(ix)	workers' compensation or similar insurance;	
12		(x)	disease-specific insurance;	
13		(xi)	automobile medical payment insurance;	
14		(xii)	dental insurance; or	
15		(xiii)	vision insurance.	
16	(g) "Health	status-rel	ated factor" means a factor related to:	
17	(1)	health st	atus;	
18	(2)	medical condition;		
19	(3)	claims experience;		
20	(4)	receipt o	of health care;	
21	(5)	medical	history;	
22	(6)	genetic i	information;	
23 24	(7) domestic violence; or		e of insurability including conditions arising out of acts of	
25	(8)	disabilit	y.	







1 2	(D) FOR SI BENEFIT PLAN, A		MPLOYERS THAT QUALIFY FOR AND CHOOSE THE LIMITED R:
3 4	(1) DEPENDENTS UNI		OFFER COVERAGE FOR ALL ELIGIBLE EMPLOYEES AND LIMITED BENEFIT PLAN; AND
5 6	(2) PLAN COVERAGE		OT OFFER COMPREHENSIVE STANDARD HEALTH BENEFIT Y MEMBERS OF THE EMPLOYER'S GROUP.
	[(c)] (E) contribute to the prer employee.	(1) nium payı	Nothing in this subsection requires a small employer to ments for coverage of a dependent of an eligible
10 11	(2) employer shall:	To be co	overed under a health benefit plan offered by a carrier, a small
12		(i)	elect to be covered;
13		(ii)	agree to pay the premiums;
16	when coverage is so		agree to offer coverage to any dependent of an eligible employee ne eligible employee, in accordance with provisions my other provisions of this subtitle that apply to
			agree to collect payments for premiums through payroll gible employees and dependents and transmit those
21 22	approved by the Cor	(v) nmissione	satisfy other reasonable provisions of the health benefit plan as er.
25 26 27	requirements of this all small employers receive coverage fro	with the s m the car	In determining whether a small employer satisfies the a carrier shall apply its requirements uniformly among ame number of eligible employees who apply for or rier, including a requirement that a minimum ees of the small employer participate in the health
29 30			er may vary application of minimum participation of eligible the group of the small employer.
31 32	[(e)] (G) of premiums for a ho		er may not require a small employer to contribute to payment fit plan.
33	15-1213.		
34 35	(a) This se 15-1201(f)(3)(i) thro		s not apply to any insurance enumerated in § of this subtitle.

3	(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 OR THE LIMITED BENEFIT PLAN is subject to all of the provisions of this subtitle applicable to the Standard Plan, including:				
5		(1)	guarante	ed issuance;	
6		(2)	guarante	ed renewal;	
7		(3)	adjusted	community rating; and	
8		(4)	the proh	ibition on preexisting condition limitations.	
11	(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:				
13			(i)	guaranteed renewal;	
14			(ii)	adjusted community rating; and	
15			(iii)	the prohibition on preexisting condition limitations.	
16 17	shall accept	(2) or reject		additional benefit offered under this subsection, a carrier cation of the entire group.	
20 21	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 OR LIMITED BENEFIT PLAN in a manner designed to promote risk selection or underwriting practices otherwise prohibited by this subtitle.				
25		BENEFIT	lower the	it offered in addition to the Standard Plan OR THE LIMITED cost-sharing arrangement in the Standard Plan OR THE accordance with § 15-301.1 of the Health - General	
27		(1)	guarante	ed issuance;	
28		(2)	guarante	ed renewal;	
29		(3)	adjusted	community rating; and	
30		(4)	the proh	ibition on preexisting condition limitations.	
33	employers v	vho are p	e and guar articipatir	r that offers a benefit under this subsection shall be required rantee renewal of the additional benefit only to ag in the MCHP private option plan established under the large state.	

- 1 (E) A CARRIER MAY NOT OFFER ADDITIONAL BENEFITS TO THE LIMITED
- 2 BENEFIT PLAN, EXCEPT FOR ADDITIONAL BENEFITS TO LOWER THE COST-SHARING
- 3 ARRANGEMENTS IN THE LIMITED BENEFIT PLAN.
- 4 SECTION 2. AND BE IT FURTHER ENACTED, That health insurance
- 5 carriers shall report to the Maryland Health Care Commission, at times and in a
- 6 format specified by the Commission, the number of limited benefit plan policies they 7 have sold and the number of lives covered by those policies.
- SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take 8
- 9 effect October 1, 2004.