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

Introduced and read first time: February 11, 2005

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 30, 2005

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance - ~~Authority of Maryland Health Insurance Plan~~ :**
3 **Premiums and Information from Carriers**

4 FOR the purpose of authorizing the Board of Directors of the Maryland Health
5 Insurance Plan to ~~offer benefit packages in addition to the standard benefit~~
6 ~~package; authorizing the Board to offer optional endorsements to a benefit~~
7 ~~package; authorizing the Board to alter premium rates based on geography,~~
8 ~~benefit package, and the benefit package delivery system; authorizing the~~
9 ~~addition of a surcharge to a premium under certain conditions; requiring certain~~
10 insurance carriers to provide certain information about individuals who are
11 denied certain health insurance coverage to the Maryland Health Insurance
12 Plan; prohibiting certain provisions of this Act from taking effect until the
13 receipt of a certain determination; requiring the Governor to request a certain
14 determination; requiring the Executive Director of the Maryland Health
15 Insurance Plan to provide a certain notice; and generally relating to the
16 Maryland Health Insurance Plan.

17 BY repealing and reenacting, with amendments,
18 Article - Insurance
19 Section 14-505 and 15-1303
20 Annotated Code of Maryland
21 (2002 Replacement Volume and 2004 Supplement)

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

1 **Article - Insurance**

2 14-505.

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

5 ~~(2) THE BOARD MAY OFFER BENEFIT PACKAGES IN ADDITION TO THE~~
6 ~~STANDARD BENEFIT PACKAGE.~~

7 ~~(3) THE BOARD MAY OFFER ENDORSEMENTS TO A BENEFIT PACKAGE~~
8 ~~THAT MAY BE PURCHASED AT THE OPTION OF AN ENROLLEE.~~

9 ~~{2}~~ ~~(4)~~ The Board may exclude from ~~{the}~~ A benefit package:

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

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

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

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

21 (3) If the Board determines that a standard risk rate would create
22 market dislocation, the Board may adjust the premium rate based on member age.

23 ~~(4) THE PREMIUM RATE MAY BE ADJUSTED FOR GEOGRAPHY BASED ON~~
24 ~~THE FOLLOWING CONTIGUOUS AREAS OF THE STATE:~~

25 ~~(I) THE BALTIMORE METROPOLITAN AREA;~~

26 ~~(II) THE DISTRICT OF COLUMBIA METROPOLITAN AREA;~~

27 ~~(III) WESTERN MARYLAND; AND~~

28 ~~(IV) EASTERN AND SOUTHERN MARYLAND.~~

29 ~~(5) (4) THE BOARD MAY CHARGE DIFFERENT PREMIUMS BASED ON~~
30 ~~THE BENEFIT PACKAGE AND THE BENEFIT PACKAGE DELIVERY SYSTEM WHEN~~
31 ~~MORE THAN ONE BENEFIT PACKAGE OR BENEFIT PACKAGE DELIVERY SYSTEM IS~~
32 ~~OFFERED.~~

33 ~~(6) A SURCHARGE MAY BE ADDED TO A PREMIUM FOR OPTIONAL~~
34 ~~ENDORSEMENTS PURCHASED BY AN ENROLLEE.~~

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

4 (2) The premium rate for Plan coverage:

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

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

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

10 (4) The Board may subsidize premiums, deductibles, and other policy
11 expenses, based on a member's income.

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

13 15-1303.

14 (a) In addition to any other requirements under this article, a carrier that
15 offers individual health benefit plans in this State shall:

16 (1) have demonstrated the capacity to administer the individual health
17 benefit plans, including adequate numbers and types of administrative staff;

18 (2) have a satisfactory grievance procedure and ability to respond to
19 calls, questions, and complaints from enrollees or insureds; and

20 (3) design policies to help ensure that enrollees or insureds have
21 adequate access to providers of health care.

22 (b) (1) For each calendar quarter, a carrier that offers individual health
23 benefit plans in the State shall submit to the Commissioner a report that includes:

24 (i) the number of applications submitted to the carrier for
25 individual coverage; and

26 (ii) the number of declinations issued by the carrier for individual
27 coverage.

28 (2) The report required under paragraph (1) of this subsection shall be
29 filed with the Commissioner no later than 30 days after the last day of the quarter for
30 which the information is provided.

31 (c) (1) ~~(1)~~ If a carrier denies coverage under a medically underwritten
32 health benefit plan to an individual in the nongroup market, the carrier shall provide;

1 (I) the individual with specific information regarding the
 2 availability of coverage under the Maryland Health Insurance Plan established under
 3 Title 14, Subtitle 5 of this article; AND

4 (II) THE MARYLAND HEALTH INSURANCE PLAN WITH:

5 1. THE NAME AND ADDRESS OF THE INDIVIDUAL WHO WAS
 6 DENIED COVERAGE; AND

7 2. IF THE INDIVIDUAL APPLIED FOR COVERAGE THROUGH
 8 AN INSURANCE PRODUCER, THE NAME AND, IF AVAILABLE, THE ADDRESS OF
 9 INSURANCE PRODUCER.

10 ~~{2}~~ (H) ~~A notice issued~~ THE INFORMATION PROVIDED by a carrier
 11 under this subsection shall be provided in a manner and form required by the
 12 Commissioner.

13 ~~(2) A CARRIER SHALL PROVIDE THE NAME AND ADDRESS OF AN~~
 14 ~~INDIVIDUAL DENIED COVERAGE UNDER A MEDICALLY UNDERWRITTEN HEALTH~~
 15 ~~BENEFIT PLAN IN THE NONGROUP MARKET TO THE MARYLAND HEALTH INSURANCE~~
 16 ~~PLAN.~~

17 SECTION 2. AND BE IT FURTHER ENACTED, That § 15-1303(c)(1)(ii) of the
 18 Insurance Article, as enacted by Section 1 of this Act, may not take effect until the
 19 receipt of an exception determination from the Secretary of the U.S. Department of
 20 Health and Human Services from § 160.203 of the Health Insurance Portability and
 21 Accountability Act (HIPAA) privacy regulations that would allow carriers to provide
 22 the information specified in § 15-1303(c)(1)(ii) to the Maryland Health Insurance
 23 Plan. The Governor shall seek the exception determination under § 160.204 of the
 24 HIPAA privacy regulations. The Governor shall notify the Department of Legislative
 25 Services, 90 State Circle, Annapolis, Maryland 21401 no later than 10 days after
 26 receiving a response to the request for the exception determination from the
 27 Secretary of the U.S. Department of Health and Human Services. If the Secretary
 28 approves the exception determination, § 15-1303(c)(1)(ii) of the Insurance Article, as
 29 enacted by Section 1 of this Act, shall take effect 5 days after notice of the approval is
 30 received by the Department. If the Secretary denies the exception determination, §
 31 15-1303(c)(1)(ii) of the Insurance Article, as enacted by Section 1 of this Act, shall be
 32 null and void with no further action required by the General Assembly.

33 SECTION 2. 3. AND BE IT FURTHER ENACTED, That, except as provided in
 34 Section 2 of this Act, this Act shall take effect October 1, 2005.