
By: **Delegates Eckardt and Haddaway**

Introduced and read first time: February 10, 2006

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Small Group Market - Internet-Based Intermediary**
3 **Pilot Program**

4 FOR the purpose of establishing an Internet-Based Intermediary Pilot Program;
5 requiring the Pilot Program to be established in a certain geographic region of
6 the State; providing for the purpose of the Pilot Program; requiring the
7 Maryland Health Care Commission to contract with a person to serve as an
8 Internet-based intermediary under the Pilot Program; prohibiting certain
9 persons from contracting with the Commission to serve as the Internet-based
10 intermediary; providing that the contract between the Commission and the
11 Internet-based intermediary must require the Internet-based intermediary to
12 provide certain technology, electronic coordination, and system and banking
13 capability; requiring the Internet-based intermediary to establish a website
14 that provides certain information, develops a provider network for participating
15 insurance carriers, provides pretreatment review under certain circumstances,
16 and provides a subsidy for certain small employers and low-income employees;
17 requiring certain small employers to complete and submit a certain data sheet
18 under certain circumstances; requiring the Maryland Health Insurance Plan
19 Fund to be used for the operation and administration of a certain subsidy for
20 low-income employees and small employers under the Pilot Program; requiring
21 an insurance carrier that participates in the Pilot Program to consider certain
22 individuals as eligible employees in determining whether certain minimum
23 participation requirements have been met; requiring the Commission to
24 contract with a certain person and submit a certain proposal to the Board of
25 Directors of the Maryland Health Insurance Plan on or before a certain date;
26 requiring the Commission to report to the General Assembly on or before a
27 certain date; providing for the termination of this Act; defining certain terms;
28 and generally relating to the establishment of the Internet-Based Intermediary
29 Pilot Program.

30 BY repealing and reenacting, with amendments,
31 Article - Insurance
32 Section 14-504 and 15-1206(c)(3) and (4)
33 Annotated Code of Maryland
34 (2002 Replacement Volume and 2005 Supplement)

1 BY repealing and reenacting, without amendments,
2 Article - Insurance
3 Section 15-1206(c)(2)
4 Annotated Code of Maryland
5 (2002 Replacement Volume and 2005 Supplement)

6 BY adding to
7 Article - Insurance
8 Section 15-1206(c)(3) and 15-1224.1
9 Annotated Code of Maryland
10 (2002 Replacement Volume and 2005 Supplement)

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

13 **Article - Insurance**

14 14-504.

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

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

18 (3) The Treasurer shall separately hold and the Comptroller shall
19 account for the Fund.

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

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

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

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

29 (b) The Fund shall consist of:

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

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

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

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

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

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

6 (7) premium tax revenue collected under § 14-107 of this title;

7 (8) money collected by the Board as a result of legal or other actions
8 taken by the Board on behalf of the Fund;

9 (9) money donated to the Fund; and

10 (10) money awarded to the Fund through grants.

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

13 (2) The Administrator:

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

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

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

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

24 (d) (1) The Board shall take steps necessary to ensure that Plan enrollment
25 does not exceed the number of enrollees the Plan has the financial capacity to insure.

26 (2) The Board may adopt regulations to limit the enrollment of otherwise
27 eligible medically uninsurable individuals whose premium is paid for by a
28 pharmaceutical manufacturer or its affiliate if the Board determines that their
29 enrollment would have an adverse financial impact on the Plan.

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

33 (2) The Board shall maintain separate accounts within the Fund for the
34 Senior Prescription Drug Assistance Program and the Maryland Health Insurance
35 Plan.

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

3 (F) IN ADDITION TO THE OPERATION AND ADMINISTRATION OF THE PLAN,
4 THE FUND SHALL BE USED FOR THE OPERATION AND ADMINISTRATION OF A
5 SUBSIDY, IN AN AMOUNT APPROVED BY THE BOARD, FOR LOW-INCOME EMPLOYEES
6 AND SMALL EMPLOYERS WHO PARTICIPATE IN THE INTERNET-BASED
7 INTERMEDIARY PILOT PROGRAM ESTABLISHED UNDER § 15-1224.1 OF THIS ARTICLE.

8 [(f)] (G) A debt or obligation of the Plan is not a debt of the State or a pledge
9 of credit of the State.

10 15-1206.

11 (c) (2) A carrier may not impose a requirement for minimum participation
12 by the eligible employees of a small employer that is greater than 75%.

13 (3) IN APPLYING A MINIMUM PARTICIPATION REQUIREMENT TO
14 DETERMINE WHETHER THE APPLICABLE PERCENTAGE OF PARTICIPATION IS MET, A
15 CARRIER PARTICIPATING IN THE INTERNET-BASED INTERMEDIARY PILOT PROGRAM
16 ESTABLISHED UNDER § 15-1224.1 OF THIS SUBTITLE SHALL CONSIDER AS ELIGIBLE
17 EMPLOYEES THOSE WHO HAVE:

18 (I) COVERAGE UNDER A HIGH DEDUCTIBLE HEALTH BENEFIT
19 PLAN OFFERED BY A PARTICIPATING CARRIER UNDER THE INTERNET-BASED
20 INTERMEDIARY PILOT PROGRAM; AND

21 (II) COVERAGE UNDER ANY OTHER HEALTH BENEFIT PLAN
22 PROVIDED BY THE SMALL EMPLOYER.

23 [(3)] (4) In applying a minimum participation requirement to determine
24 whether the applicable percentage of participation is met, a carrier may not consider
25 as eligible employees those who have group spousal coverage under a public or private
26 plan of health insurance or another employer's health benefit arrangement, including
27 Medicare, Medicaid, and CHAMPUS, that provides benefits similar to or exceeding
28 the benefits provided under the Standard Plan.

29 [(4)] (5) A carrier may not impose a minimum participation requirement
30 for a small employer group if any member of the group participates in a medical
31 savings account.

32 15-1224.1.

33 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
34 INDICATED.

35 (2) "PARTICIPATING CARRIER" MEANS A CARRIER THAT PARTICIPATES
36 IN THE INTERNET-BASED INTERMEDIARY PILOT PROGRAM.

1 (3) "PILOT PROGRAM" MEANS THE INTERNET-BASED INTERMEDIARY
2 PILOT PROGRAM ESTABLISHED UNDER THIS SECTION.

3 (B) (1) THERE IS AN INTERNET-BASED INTERMEDIARY PILOT PROGRAM.

4 (2) THE PILOT PROGRAM SHALL BE ESTABLISHED ON THE EASTERN
5 SHORE.

6 (C) THE PURPOSE OF THE PILOT PROGRAM IS TO FACILITATE THE PURCHASE
7 OF GROUP HEALTH INSURANCE BY SMALL EMPLOYERS BY USING AN
8 INTERNET-BASED INTERMEDIARY.

9 (D) (1) THE COMMISSION SHALL CONTRACT WITH A PERSON TO SERVE AS
10 AN INTERNET-BASED INTERMEDIARY UNDER THE PILOT PROGRAM.

11 (2) THE PERSON THAT CONTRACTS WITH THE COMMISSION MAY NOT BE
12 A PARTICIPANT IN THE SMALL GROUP MARKET, AS A CARRIER, AN INSURANCE
13 PRODUCER, A THIRD PARTY ADMINISTRATOR, OR IN ANY OTHER CAPACITY.

14 (3) THE CONTRACT BETWEEN THE COMMISSION AND THE
15 INTERNET-BASED INTERMEDIARY SHALL REQUIRE THE INTERNET-BASED
16 INTERMEDIARY TO PROVIDE:

17 (I) SMART CARD TECHNOLOGY FOR HEALTH SAVINGS ACCOUNT
18 CLAIMS;

19 (II) ELECTRONIC COORDINATION WITH SMALL GROUP MARKET
20 BILLING ADMINISTRATORS;

21 (III) SYSTEM CAPABILITY TO COLLECT EMPLOYER PREMIUM
22 CONTRIBUTION DATA; AND

23 (IV) HEALTH SAVINGS ACCOUNT BANKING CAPABILITY.

24 (E) THE INTERNET-BASED INTERMEDIARY UNDER THE PILOT PROGRAM
25 SHALL:

26 (1) ESTABLISH A WEBSITE THAT PROVIDES INFORMATION ON:

27 (I) COMPARISONS OF MONTHLY RATES OF PARTICIPATING
28 CARRIERS FOR A FEDERALLY QUALIFIED UNIFORM HIGH DEDUCTIBLE HEALTH
29 PLAN;

30 (II) SMALL EMPLOYER PREMIUM CONTRIBUTION DATA FOR AN
31 EMPLOYEE TO ACCESS INFORMATION SPECIFIC TO THEIR SMALL EMPLOYER; AND

32 (III) INITIAL ON-LINE ENROLLMENT FOR EMPLOYEES;

33 (2) DEVELOP A PROVIDER NETWORK FOR PARTICIPATING CARRIERS;

1 (3) PROVIDE PRETREATMENT REVIEW FOR PARTICIPATING CARRIERS
2 BY A LICENSED QUALITY REVIEW ORGANIZATION, IF FEASIBLE; AND

3 (4) PROVIDE A SUBSIDY FOR LOW-INCOME EMPLOYEES AND SMALL
4 EMPLOYERS WHO MEET ELIGIBILITY REQUIREMENTS ESTABLISHED BY THE
5 COMMISSION, INCLUDING:

6 (I) A REQUIREMENT THAT A SMALL EMPLOYER HAS NOT
7 PROVIDED A GROUP HEALTH PLAN DURING THE 12-MONTH PERIOD PRECEDING THE
8 DATE OF APPLICATION OR, IF THE SMALL EMPLOYER HAS EXISTED FOR LESS THAN
9 12 MONTHS, FROM THE DATE THE SMALL EMPLOYER COMMENCED ITS BUSINESS;
10 AND

11 (II) A REQUIREMENT THAT THE AVERAGE ANNUAL WAGE OF THE
12 EMPLOYEES OF THE SMALL EMPLOYER DOES NOT EXCEED AN AMOUNT SET BY THE
13 COMMISSION, EXCLUDING THE ANNUAL WAGE OF THE OWNER OF THE SMALL
14 BUSINESS.

15 (F) ON REQUEST OF THE INTERNET-BASED INTERMEDIARY, A PARTICIPATING
16 SMALL EMPLOYER SHALL COMPLETE AND SUBMIT AN EMPLOYER PREMIUM
17 CONTRIBUTION DATA SHEET.

18 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before January 1,
19 2007, the Maryland Health Care Commission shall:

20 (1) contract with a person to serve as the Internet-based intermediary
21 under the Internet-Based Intermediary Pilot Program established under § 15-1224.1
22 of the Insurance Article, as enacted by Section 1 of this Act; and

23 (2) submit a proposal to the Board of Directors of the Maryland Health
24 Insurance Plan, for approval by the Board, for the amount of money from the
25 Maryland Health Insurance Plan Fund to be used for the operation and
26 administration of a subsidy for low-income employees and small employers, as
27 provided in § 14-504(f) of the Insurance Article, as enacted by Section 1 of this Act.

28 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before January 1,
29 2008, the Maryland Health Care Commission shall report to the General Assembly, in
30 accordance with § 2-1246 of the State Government Article, on the effect of the
31 Internet-Based Intermediary Pilot Program on the small group market on the
32 Eastern Shore, including:

33 (1) the overall enrollment of individuals in the small group market
34 through the Pilot Program;

35 (2) the overall enrollment of previously uninsured individuals in the
36 small group market through the Pilot Program; and

37 (3) premium cost savings under the Pilot Program as compared to the
38 traditional small group insurance market.

1 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2006. It shall remain effective for a period of 2 years and, at the end of June
3 30, 2008, with no further action required by the General Assembly, this Act shall be
4 abrogated and of no further force and effect.