
By: **Chairman, Finance Committee (By Request - Departmental - Insurance Administration, Maryland)**

Introduced and read first time: January 25, 2006

Rules suspended

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Maryland Health Insurance Plan - Authority**

3 FOR the purpose of authorizing the Board of Directors of the Maryland Health
 4 Insurance Plan to alter premium rates based on plan delivery systems;
 5 requiring certain carriers to provide certain information to the Maryland Health
 6 Insurance Plan; prohibiting certain provisions of this Act from taking effect
 7 until the receipt of a certain determination; requiring the Executive Director of
 8 the Maryland Health Insurance Plan to provide a certain notice; and generally
 9 relating to the Maryland Health Insurance Plan.

10 BY repealing and reenacting, with amendments,
 11 Article - Insurance
 12 Section 14-505 and 15-1303
 13 Annotated Code of Maryland
 14 (2002 Replacement Volume and 2005 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 14-505.

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

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

22 (i) a health care service, benefit, coverage, or reimbursement for
 23 covered health care services that is required under this article or the Health -
 24 General Article to be provided or offered in a health benefit plan that is issued or
 25 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 on the basis of family composition.

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

10 (4) THE BOARD MAY CHARGE DIFFERENT PREMIUMS BASED ON THE
11 BENEFIT PACKAGE DELIVERY SYSTEM WHEN MORE THAN ONE BENEFIT PACKAGE
12 DELIVERY SYSTEM IS OFFERED.

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

16 (2) The premium rate for Plan coverage:

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

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

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

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

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

25 15-1303.

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

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

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

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

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

3 (i) the number of applications submitted to the carrier for
4 individual coverage; and

5 (ii) the number of declinations issued by the carrier for individual
6 coverage.

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

10 (c) (1) If a carrier denies coverage under a medically underwritten health
11 benefit plan to an individual in the nongroup market, the carrier shall provide:

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

15 (II) THE MARYLAND HEALTH INSURANCE PLAN WITH:

16 1. THE NAME AND ADDRESS OF THE INDIVIDUAL WHO WAS
17 DENIED COVERAGE; AND

18 2. IF THE INDIVIDUAL APPLIED FOR COVERAGE THROUGH
19 AN INSURANCE PRODUCER, THE NAME AND, IF AVAILABLE, THE ADDRESS OF THE
20 INSURANCE PRODUCER.

21 (2) [A notice issued] THE INFORMATION PROVIDED by a carrier under
22 this subsection shall be provided in a manner and form required by the
23 Commissioner.

24 SECTION 2. AND BE IT FURTHER ENACTED, That § 15-1303(c)(1) of the
25 Insurance Article, as enacted by Section 1 of this Act, may not take effect until the
26 receipt of an exception determination from the Secretary of Health and Human
27 Services from § 160.203 of the Health Insurance Portability and Accountability Act
28 (HIPAA) privacy regulations that would allow carriers to provide the information
29 specified in § 15-1303(c)(1) to the Maryland Health Insurance Plan. The Governor
30 shall seek the exception determination under § 160.204 of the HIPAA privacy
31 regulations. The Governor shall notify the Department of Legislative Services, 90
32 State Circle, Annapolis, Maryland 21401 no later than 10 days after receiving a
33 response to the request for the exception determination from the Secretary of Health
34 and Human Services. If the Secretary approves the exception determination, §
35 15-1303(c)(1) of the Insurance Article, as enacted by Section 1 of this Act, shall take
36 effect 5 days after notice of the approval is received by the Department. If the
37 Secretary denies the exception determination, § 15-1303(c)(1) of the Insurance
38 Article, as enacted by Section 1 of this Act, shall be null and void with no further
39 action required by the General Assembly.

1 SECTION 3. AND BE IT FURTHER ENACTED, That, except as provided in
2 Section 2 of this Act, this Act shall take effect October 1, 2006.