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

Introduced and read first time: January 25, 2006

Rules suspended

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: February 22, 2006

CHAPTER _____

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.

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

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

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

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

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

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

15 (4) THE BOARD MAY CHARGE DIFFERENT PREMIUMS BASED ON THE
16 BENEFIT PACKAGE DELIVERY SYSTEM WHEN MORE THAN ONE BENEFIT PACKAGE
17 DELIVERY SYSTEM IS OFFERED.

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

21 (2) The premium rate for Plan coverage:

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

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

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

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

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

30 15-1303.

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

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

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

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

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

7 (i) the number of applications submitted to the carrier for
8 individual coverage; and

9 (ii) the number of declinations issued by the carrier for individual
10 coverage.

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

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

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

19 (II) THE MARYLAND HEALTH INSURANCE PLAN WITH:

20 1. THE NAME AND ADDRESS OF THE INDIVIDUAL WHO WAS
21 DENIED COVERAGE; AND

22 2. IF THE INDIVIDUAL APPLIED FOR COVERAGE THROUGH
23 AN INSURANCE PRODUCER, THE NAME AND, IF AVAILABLE, THE ADDRESS OF THE
24 INSURANCE PRODUCER.

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

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

1 15-1303(c)(1) of the Insurance Article, as enacted by Section 1 of this Act, shall take
2 effect 5 days after notice of the approval is received by the Department. If the
3 Secretary denies the exception determination, § 15-1303(c)(1) of the Insurance
4 Article, as enacted by Section 1 of this Act, shall be null and void with no further
5 action required by the General Assembly.

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