

HOUSE BILL 262

C3
HB 312/04 – HGO

71r1881

By: **Delegate Rudolph**

Introduced and read first time: January 29, 2007

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Small Group Market – Wellness Activities – Discount**

3 FOR the purpose of authorizing a health insurance carrier in the small group market
4 to offer a discounted premium rate for wellness activities; defining a certain
5 term; and generally relating to discounted rates for wellness activities in the
6 small group health insurance market.

7 BY repealing and reenacting, without amendments,
8 Article – Insurance
9 Section 15–1201(a)
10 Annotated Code of Maryland
11 (2006 Replacement Volume and 2006 Supplement)

12 BY adding to
13 Article – Insurance
14 Section 15–1201(r)
15 Annotated Code of Maryland
16 (2006 Replacement Volume and 2006 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Insurance
19 Section 15–1205
20 Annotated Code of Maryland
21 (2006 Replacement Volume and 2006 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Insurance**

4 15–1201.

5 (a) In this subtitle the following words have the meanings indicated.

6 (R) **“WELLNESS ACTIVITY” MEANS AN EXPLICIT PROGRAM OR ACTIVITY,**
7 **CONSISTENT WITH GUIDELINES DEVELOPED BY THE COMMISSION, SUCH AS**
8 **SMOKING CESSATION, INJURY AND ACCIDENT PREVENTION, REDUCTION OF**
9 **ALCOHOL MISUSE, APPROPRIATE WEIGHT REDUCTION, EXERCISE, AUTOMOBILE**
10 **AND MOTORCYCLE SAFETY, BLOOD CHOLESTEROL REDUCTION, AND NUTRITION**
11 **EDUCATION, FOR THE PURPOSE OF IMPROVING HEALTH STATUS AND REDUCING**
12 **HEALTH CARE COSTS.**

13 15–1205.

14 (a) (1) In establishing a community rate for a health benefit plan, a
15 carrier shall use a rating methodology that is based on the experience of all risks
16 covered by that health benefit plan without regard to health status or occupation or
17 any other factor not specifically authorized under this subsection.

18 (2) A carrier may adjust the community rate only for:

19 (i) age; and

20 (ii) geography based on the following contiguous areas of the
21 State:

22 1. the Baltimore metropolitan area;

23 2. the District of Columbia metropolitan area;

24 3. Western Maryland; and

25 4. Eastern and Southern Maryland.

26 (3) Rates for a health benefit plan may vary based on family
27 composition as approved by the Commissioner.

1 **(4) A CARRIER MAY OFFER A DISCOUNTED RATE FOR**
2 **PARTICIPATION IN WELLNESS ACTIVITIES.**

3 (b) A carrier shall apply all risk adjustment factors under subsection (a) of
4 this section consistently with respect to all health benefit plans that are issued,
5 delivered, or renewed in the State.

6 (c) Based on the adjustments allowed under subsection (a)(2) of this section,
7 a carrier may charge a rate that is 40% above or below the community rate.

8 (d) (1) A carrier shall base its rating methods and practices on commonly
9 accepted actuarial assumptions and sound actuarial principles.

10 (2) A carrier that is a health maintenance organization and that
11 includes a subrogation provision in its contract as authorized under § 19-713.1(d) of
12 the Health – General Article shall:

13 (i) use in its rating methodology an adjustment that reflects the
14 subrogation; and

15 (ii) identify in its rate filing with the Administration, and
16 annually in a form approved by the Commissioner, all amounts recovered through
17 subrogation.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2007.