

# HOUSE BILL 477

C3

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By: **Delegate Costa**

Introduced and read first time: February 6, 2007

Assigned to: Health and Government Operations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Small Group Market – Limited Health Benefit Plan –**  
3 **Modifications**

4 FOR the purpose of repealing certain limitations on the eligibility of small employers  
5 to choose the Limited Health Benefit Plan offered in the small group market;  
6 requiring a carrier that insures a certain number of lives to offer the Limited  
7 Health Benefit Plan to each small employer that meets certain requirements;  
8 authorizing any other carrier that offers insurance in the small group market to  
9 offer the Limited Health Benefit Plan to each small employer that meets certain  
10 requirements; repealing a certain requirement that the Maryland Insurance  
11 Administration develop a certain uniform form; altering a certain reporting  
12 requirement; repealing a certain termination provision relating to the Limited  
13 Health Benefit Plan; making conforming changes; and generally relating to the  
14 Limited Health Benefit Plan offered in the small group market.

15 BY repealing and reenacting, with amendments,  
16 Article – Insurance  
17 Section 15–1209  
18 Annotated Code of Maryland  
19 (2006 Replacement Volume and 2006 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Chapter 287 of the Acts of the General Assembly of 2004  
22 Section 3, 4, and 5

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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 15–1209.

5 (a) This section does not apply to any insurance enumerated in §  
6 15–1201(f)(3)(i) through (xiii) of this subtitle.

7 (b) A carrier shall issue its health benefit plans to each small employer that  
8 meets the requirements of this section.

9 (c) (1) A carrier that offers insurance in the small group market shall  
10 offer the Standard Plan to each small employer that meets the requirements of this  
11 section.

12 (2) (i) In this paragraph, “prominent carrier” means a carrier that  
13 insures at least 10% of the total lives insured in the small group market.

14 (ii) A prominent carrier that offers insurance in the small group  
15 market shall offer, and any other carrier that offers insurance in the small group  
16 market may offer, the Limited Benefit Plan[, but only to a] **TO EACH** small employer  
17 **THAT MEETS THE REQUIREMENTS OF THIS SECTION**[:

18 1. that has not provided the Standard Plan during the  
19 12–month period preceding the date of application or, if the small employer has  
20 existed for less than 12 months, from the date the small employer commenced its  
21 business; and

22 2. for which the average annual wage of the employees  
23 of the small employer does not exceed 75% of the average annual wage in the State.

24 (iii) A small employer that qualifies for and chooses the Limited  
25 Benefit Plan may renew the Limited Benefit Plan even if the average annual wage of  
26 the employees of the small employer exceeds 75% of the average annual wage in the  
27 State at the time of renewal.

28 (d) For small employers that qualify for and choose the Limited Benefit Plan,  
29 a carrier:

1           (1)    must offer coverage for all eligible employees and dependents  
2 under the Limited Benefit Plan; and

3           (2)    may not offer the Standard Plan for any employees of the small  
4 employer].

5           [(e)] (D)   (1)    Nothing in this subsection requires a small employer to  
6 contribute to the premium payments for coverage of a dependent of an eligible  
7 employee.

8           (2)    To be covered under a health benefit plan offered by a carrier, a  
9 small employer shall:

10                   (i)    elect to be covered;

11                   (ii)   agree to pay the premiums;

12                   (iii)   agree to offer coverage to any dependent of an eligible  
13 employee when coverage is sought by the eligible employee, in accordance with  
14 provisions governing late enrollees and any other provisions of this subtitle that apply  
15 to coverage;

16                   (iv)   agree to collect payments for premiums through payroll  
17 deductions for coverage of eligible employees and dependents and transmit those  
18 payments to the carrier; and

19                   (v)    satisfy other reasonable provisions of the health benefit plan  
20 as approved by the Commissioner.

21           [(f)] (E)   (1)    In determining whether a small employer satisfies the  
22 requirements of this section, a carrier shall apply its requirements uniformly among  
23 all small employers with the same number of eligible employees who apply for or  
24 receive coverage from the carrier, including a requirement that a minimum percentage  
25 of eligible employees of the small employer participate in the health benefit plan.

26           (2)    A carrier may vary application of minimum participation of eligible  
27 employees only by the size of the group of the small employer.

28           [(g)] (F)   A carrier may not require a small employer to contribute to  
29 payment of premiums for a health benefit plan.

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1 SECTION 3. AND BE IT FURTHER ENACTED, That:

2 (a) on or before July 1, 2005, the Maryland Health Care Commission shall  
3 adopt regulations that specify the Limited Health Benefit Plan, as required under §  
4 15-1207(a)(2) of the Insurance Article, as enacted by Section 2 of this Act;

5 (b) in specifying the Limited Health Benefit Plan, the Maryland Health Care  
6 Commission shall:

7 (1) ensure that the actuarial value of the Limited Health Benefit Plan  
8 does not exceed 70% of the actuarial value of the Comprehensive Standard Health  
9 Benefit Plan as of January 1, 2004; and

10 (2) consider including in the Limited Health Benefit Plan the benefits  
11 required to be included in a limited benefits policy authorized by Chapter 434 of the  
12 Acts of 1991;

13 (c) the Maryland Health Care Commission and the Maryland Insurance  
14 Commissioner shall take all other actions necessary to ensure that the Limited Health  
15 Benefit Plan is available to be offered in the small group health insurance market on  
16 July 1, 2005; **AND**

17 (d) on or before July 1, 2005, the Maryland Insurance Administration shall  
18 adopt regulations that:

19 (1) specify a disclosure statement notifying a small employer that the  
20 limited health benefit plan provides only basic benefits, and that more comprehensive  
21 coverage is available under the Comprehensive Standard Health Benefit Plan; and

22 (2) require a carrier that offers the Limited Health Benefit Plan to  
23 obtain a signed disclosure statement from the small employer at the time of the initial  
24 purchase of coverage and at renewal; and

25 (e) on or before July 1, 2005, the Maryland Insurance Administration, in  
26 consultation with health insurance carriers and producers, shall develop a uniform  
27 form that health insurance carriers and producers must use to collect the information  
28 necessary to determine that a small employer that applies for coverage under a  
29 Limited Health Benefit Plan meets the criteria required under § 15-1209(c)(2)(i)1 and  
30 2 of the Insurance Article, as enacted by Section 1 of this Act].

1 SECTION 4. AND BE IT FURTHER ENACTED, That, on or before January 1,  
2 [2008] **2009**, the Maryland Health Care Commission shall submit to the Governor  
3 and, in accordance with § 2-1246 of the State Government Article, to the Senate  
4 Finance Committee and the House Health and Government Operations Committee, a  
5 report that includes:

6 (a) for the periods July 1, 2005 through December 31, 2005, January 1, 2006  
7 through December 31, 2006, [and] January 1, 2007 through [June 30, 2007]  
8 **DECEMBER 31, 2007, AND JANUARY 1, 2008 THROUGH JUNE 30, 2008**, data on:

9 (1) the number of carriers offering Limited Health Benefit Plan  
10 policies in the State;

11 (2) the number of Limited Health Benefit Plan policies sold in the  
12 State;

13 (3) the number of eligible employees covered under the policies; **AND**

14 (4) [the average age, geographic area, and average wage of each  
15 employer group covered under the policies; and

16 (5)] the impact of the Limited Health Benefit Plan on the small group  
17 health insurance market and the population of uninsured individuals in the State; and

18 (b) recommendations on continuing or expanding the availability of the  
19 Limited Health Benefit Plan in the small group health insurance market.

20 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 July 1, 2004. [It shall remain effective for a period of 4 years and, at the end of June  
22 30, 2008, with no further action required by the General Assembly, this Act shall be  
23 abrogated and of no further force and effect.]

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
25 July 1, 2007.