

HOUSE BILL 1283

C3

71r0106

By: **Chair, Health and Government Operations Committee (By Request –
Departmental – Insurance Administration, Maryland)**

Introduced and read first time: February 23, 2007

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Health Insurance Plan – Authority**

3 FOR the purpose of authorizing the Board of Directors of the Maryland Health
4 Insurance Plan to charge different premiums based on cost-sharing
5 arrangement when more than one cost-sharing arrangement is offered;
6 authorizing the Board to offer an optional endorsement to remove a preexisting
7 condition limitation under certain circumstances; authorizing the Board to
8 charge a certain additional amount for the optional endorsement; requiring that
9 the additional amount be subject to review and approval by the Maryland
10 Insurance Commissioner; and generally relating to the Maryland Health
11 Insurance Plan.

12 BY repealing and reenacting, with amendments,
13 Article – Insurance
14 Section 14–505
15 Annotated Code of Maryland
16 (2006 Replacement Volume and 2006 Supplement)

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

19 **Article – Insurance**

20 14–505.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

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

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

17 (4) The Board may charge different premiums based on the benefit
18 package delivery system **OR COST-SHARING ARRANGEMENT** when more than one
19 benefit package delivery system **OR COST-SHARING ARRANGEMENT** is offered.

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

23 (2) The premium rate for Plan coverage:

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

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

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

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

1 **(D) (1) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (B) OF**
2 **THIS SECTION, IF THE BOARD HAS IMPLEMENTED A PREEXISTING CONDITION**
3 **LIMITATION, THE BOARD MAY OFFER MEMBERS AN OPTIONAL ENDORSEMENT**
4 **TO REMOVE THE PREEXISTING CONDITION LIMITATION.**

5 **(2) THE BOARD MAY CHARGE AN ACTUARIALLY JUSTIFIED**
6 **ADDITIONAL PREMIUM AMOUNT IN ADDITION TO THE PREMIUM RATE FOR THE**
7 **STANDARD BENEFIT PACKAGE FOR THE OPTIONAL ENDORSEMENT UNDER**
8 **PARAGRAPH (1) OF THIS SUBSECTION.**

9 **(3) AN AMOUNT CHARGED IN ADDITION TO THE PREMIUM RATE**
10 **FOR THE STANDARD BENEFIT PACKAGE FOR THE OPTIONAL ENDORSEMENT**
11 **UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE SUBJECT TO REVIEW**
12 **AND APPROVAL BY THE COMMISSIONER.**

13 **[(d)] (E) Losses incurred by the Plan shall be subsidized by the Fund.**

14 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
15 **October 1, 2007.**