

# HOUSE BILL 1283

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EMERGENCY BILL

71r0106

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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

Re-referred to: Health and Government Operations, February 26, 2007

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 2007

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## CHAPTER \_\_\_\_\_

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; making this Act an emergency measure; and  
11 generally relating to the Maryland Health 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)

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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 14–505.

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

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

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

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

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

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

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

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

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

27 (2) The premium rate for Plan coverage:

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

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

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

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

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

10 (2) **THE BOARD MAY CHARGE AN ACTUARIALLY JUSTIFIED**  
11 **ADDITIONAL PREMIUM AMOUNT IN ADDITION TO THE PREMIUM RATE FOR THE**  
12 **STANDARD BENEFIT PACKAGE FOR THE OPTIONAL ENDORSEMENT UNDER**  
13 **PARAGRAPH (1) OF THIS SUBSECTION.**

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

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

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act ~~shall take effect~~  
20 October 1, 2007 is an emergency measure, is necessary for the immediate preservation  
21 of the public health or safety, has been passed by a yea and nay vote supported by  
22 three-fifths of all the members elected to each of the two Houses of the General  
23 Assembly, and shall take effect from the date it is enacted.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.