SENATE BILL 65

C3 8lr0614

By: **Senator Brochin**
Introduced and read first time: January 14, 2008
Assigned to: Finance

A BILL ENTITLED

AN ACT concerning

Health Insurance – Small Group Market – Coverage of Child Dependents

FOR the purpose of requiring the Maryland Health Care Commission to include certain coverage of child dependents in the Comprehensive Standard Health Benefit Plan; providing for the application of this Act; providing for the effective date of certain provisions of this Act; providing for the termination of certain provisions of this Act; and generally relating to health insurance and coverage of child dependents.

BY repealing and reenacting, without amendments,
Article – Insurance
Section 15–418
Annotated Code of Maryland
(2006 Replacement Volume and 2007 Supplement)

BY repealing and reenacting, with amendments,
Article – Insurance
Section 15–1207
Annotated Code of Maryland
(2006 Replacement Volume and 2007 Supplement)

BY repealing and reenacting, with amendments,
Article – Insurance
Section 15–1207
Annotated Code of Maryland
(2006 Replacement Volume and 2007 Supplement)
(As enacted by Chapters 287 and 386 of the Acts of the General Assembly of 2004)

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

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW**.
[Brackets**]** indicate matter deleted from existing law.

Article – Insurance

15–418.

(a) (1) In this section the following words have the meanings indicated.

(2) "Carrier" means:

(i) an insurer;

(ii) a nonprofit health service plan; or

(iii) a health maintenance organization.

(3) "Child dependent" means an individual who:

(i) is:

1. the natural child, stepchild, adopted child, or grandchild of the insured;

2. a child placed with the insured for legal adoption; or

3. a child who is entitled to dependent coverage under § 15–403.1 of this subtitle;

(ii) is a dependent of the insured as that term is used in 26 U.S.C. §§ 104, 105, and 106, and any regulations adopted under those sections;

(iii) is unmarried; and

(iv) is under the age of 25 years.

(b) (1) This section applies to:

(i) each policy of individual or group health insurance that is issued in the State;

(ii) each contract that is issued in the State by a nonprofit health service plan; and

(iii) each contract that is issued in the State by a health maintenance organization.

(2) Notwithstanding paragraph (1) of this subsection, this section does not apply to:

(i) a contract covering one or more, or any combination of the following:

1. coverage only for loss caused by an accident;

2. disability coverage;

3. credit–only insurance; or

4. long–term care coverage; or

(ii) the following benefits if they are provided under a separate contract:

1. dental coverage;

2. vision coverage;

3. Medicare supplement insurance;

4. coverage limited to benefits for a specified disease or diseases;

5. travel accident or sickness coverage; and

6. fixed indemnity limited benefit insurance that does not provide benefits on an expense incurred basis.

(c) Each policy or contract subject to this section that provides coverage for dependents shall:

(1) include coverage for a child dependent;

(2) provide the same health insurance benefits to a child dependent that are available to any other covered dependent; and

(3) provide health insurance benefits to a child dependent at the same rate or premium applicable to any other covered dependent.

(d) This section does not limit or alter any right to dependent coverage or to the continuation of coverage that is otherwise provided for in this article.

15–1207.

(a) In accordance with Title 19, Subtitle 1 of the Health – General Article, the Commission shall adopt regulations that specify:

(1) the Comprehensive Standard Health Benefit Plan to apply under this subtitle; and

(2) the Limited Health Benefit Plan to apply under this subtitle.

(b) The Commission shall require that the minimum benefits allowed to be offered in the Standard Plan:

(1) by a health maintenance organization, shall include at least the actuarial equivalent of the minimum benefits required to be offered by a federally qualified health maintenance organization; and

(2) by an insurer or nonprofit health service plan on an expense–incurred basis, shall be actuarially equivalent to at least the minimum benefits required to be offered under item (1) of this subsection.

(c) (1) Subject to paragraph (2) of this subsection, the Commission shall exclude or limit benefits or adjust cost–sharing arrangements in the Standard Plan if the average rate for the Standard Plan exceeds 10% of the average annual wage in the State.

(2) The Commission annually shall determine the average rate for the Standard Plan by using the average rate submitted by each carrier that offers the Standard Plan.

(d) In establishing benefits under the Standard Plan and the Limited Benefit Plan, the Commission shall judge preventive services, medical treatments, procedures, and related health services based on:

(1) their effectiveness in improving the health status of individuals;

(2) their impact on maintaining and improving health and on reducing the unnecessary consumption of health care services; and

(3) their impact on the affordability of health care coverage.

(e) **(1)** **[**The**]** **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE** Commission may exclude from the Standard Plan or the Limited Benefit Plan:

[(1)**]** **(I)** a health care service, benefit, coverage, or reimbursement for covered health care services that is required under this article or the Health – General Article to be provided or offered in a health benefit plan that is issued or delivered in the State by a carrier; or

[(2)**]** **(II)** reimbursement required by statute, by a health benefit plan for a service when that service is performed by a health care provider who is licensed

under the Health Occupations Article and whose scope of practice includes that service.

(2) THE COMMISSION SHALL INCLUDE THE COVERAGE OF CHILD DEPENDENTS REQUIRED UNDER § 15–418 OF THIS TITLE IN THE STANDARD PLAN.

(f) The Standard Plan and the Limited Benefit Plan shall include uniform deductibles and cost–sharing associated with its benefits, as determined by the Commission.

(g) In establishing cost–sharing as part of the Standard Plan and the Limited Benefit Plan, the Commission shall:

(1) include cost–sharing and other incentives to help prevent consumers from seeking unnecessary services;

(2) balance the effect of cost–sharing in reducing premiums and in affecting utilization of appropriate services; and

(3) limit the total cost–sharing that may be incurred by an individual in a year.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Insurance

15–1207.

(a) In accordance with Title 19, Subtitle 1 of the Health – General Article, the Commission shall adopt regulations that specify the Comprehensive Standard Health Benefit Plan to apply under this subtitle.

(b) The Commission shall require that the minimum benefits allowed to be offered in the Standard Plan:

(1) by a health maintenance organization, shall include at least the actuarial equivalent of the minimum benefits required to be offered by a federally qualified health maintenance organization; and

(2) by an insurer or nonprofit health service plan on an expense–incurred basis, shall be actuarially equivalent to at least the minimum benefits required to be offered under item (1) of this subsection.

(c) (1) Subject to paragraph (2) of this subsection, the Commission shall exclude or limit benefits or adjust cost–sharing arrangements in the Standard Plan if

the average rate for the Standard Plan exceeds 10% of the average annual wage in the State.

(2) The Commission annually shall determine the average rate for the Standard Plan by using the average rate submitted by each carrier that offers the Standard Plan.

(d) In establishing benefits, the Commission shall judge preventive services, medical treatments, procedures, and related health services based on:

(1) their effectiveness in improving the health status of individuals;

(2) their impact on maintaining and improving health and on reducing the unnecessary consumption of health care services; and

(3) their impact on the affordability of health care coverage.

(e) **(1) [**The**]** **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE** Commission may exclude:

[(1)**]** **(I)** a health care service, benefit, coverage, or reimbursement for covered health care services that is required under this article or the Health – General Article to be provided or offered in a health benefit plan that is issued or delivered in the State by a carrier; or

[(2)**]** **(II)** reimbursement required by statute, by a health benefit plan for a service when that service is performed by a health care provider who is licensed under the Health Occupations Article and whose scope of practice includes that service.

(2) THE COMMISSION SHALL INCLUDE THE COVERAGE OF CHILD DEPENDENTS REQUIRED UNDER § 15–418 OF THIS TITLE IN THE STANDARD PLAN.

(f) The Standard Plan shall include uniform deductibles and cost–sharing associated with its benefits, as determined by the Commission.

(g) In establishing cost–sharing as part of the Standard Plan, the Commission shall:

(1) include cost–sharing and other incentives to help prevent consumers from seeking unnecessary services;

(2) balance the effect of cost–sharing in reducing premiums and in affecting utilization of appropriate services; and

(3) limit the total cost–sharing that may be incurred by an individual in a year.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall apply to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after July 1, 2008.

SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect on the taking effect of the termination provision specified in Section 5 of Chapter 287 of the Acts of the General Assembly of 2004. If that termination provision takes effect, Section 1 of this Act shall be abrogated and of no further force and effect. This Act may not be interpreted to have any effect on that termination provision.

SECTION 5. AND BE IT FURTHER ENACTED, That, subject to the provisions of Section 4 of this Act, this Act shall take effect June 1, 2008.