

# SENATE BILL 1125

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EMERGENCY BILL

0lr0194

CF 0lr0181

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By: **Chair, Finance Committee (By Request – Departmental – Health Insurance Plan)**

Constitutional Requirements Complied with for Introduction in the last 35 Days of Session

Introduced and read first time: March 19, 2010

Rules suspended

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Health Insurance Plan – Administration of National High Risk**  
3 **Pool Program**

4 FOR the purpose of authorizing the Board of Directors for the Maryland Health  
5 Insurance Plan to elect for the Plan to administer a certain national high risk  
6 pool program for the State; authorizing the Board to enter into any agreements  
7 necessary for the Plan to administer a national temporary high risk pool  
8 program for the State; authorizing the Board to limit enrollment in the national  
9 temporary high risk pool program based on the availability of certain funding;  
10 altering the eligibility requirements for the Plan; authorizing the Board to  
11 establish a benefit package and premium rate for individuals enrolled in a  
12 national temporary high risk pool program in accordance with certain  
13 standards; requiring the State to meet a certain maintenance of effort  
14 requirement; requiring the Plan to monitor certain legislation and notify the  
15 Department of Legislative Services if certain legislation is enacted; providing  
16 for the termination of this Act; making this Act an emergency measure; and  
17 generally relating to the administration of a national high risk pool program by  
18 the Maryland Health Insurance Plan.

19 BY repealing and reenacting, with amendments,  
20 Article – Insurance  
21 Section 14–501(h)(1)  
22 Annotated Code of Maryland  
23 (2006 Replacement Volume and 2009 Supplement)

24 BY repealing and reenacting, without amendments,  
25 Article – Insurance

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 14–505(d), (e), (h), and (i)  
2 Annotated Code of Maryland  
3 (2006 Replacement Volume and 2009 Supplement)

4 BY adding to  
5 Article – Insurance  
6 Section 14–505(l) and 14–508(d)  
7 Annotated Code of Maryland  
8 (2006 Replacement Volume and 2009 Supplement)

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

11 **Article – Insurance**

12 14–501.

13 (h) (1) “Medically uninsurable individual” means an individual who is a  
14 resident of the State and who:

15 (i) provides evidence that, for health reasons, a carrier has  
16 refused to issue substantially similar coverage to the individual;

17 (ii) provides evidence that, for health reasons, a carrier has  
18 refused to issue substantially similar coverage to the individual, except at a rate that  
19 exceeds the Plan rate;

20 (iii) satisfies the definition of “eligible individual” under §  
21 15–1301 of this article;

22 (iv) has a history of or suffers from a medical or health condition  
23 that is included on a list promulgated in regulation by the Board;

24 (v) is eligible for the tax credit for health insurance costs under  
25 § 35 of the Internal Revenue Code; [or]

26 (vi) is a dependent of an individual who is eligible for coverage  
27 under this subsection; **OR**

28 **(VII) SATISFIES THE ELIGIBILITY REQUIREMENTS**  
29 **ESTABLISHED BY FEDERAL LAW TO ENROLL IN A NATIONAL TEMPORARY HIGH**  
30 **RISK POOL PROGRAM THAT IS:**

31 **1. ESTABLISHED BY THE SECRETARY OF HEALTH**  
32 **AND HUMAN SERVICES; AND**

33 **2. ADMINISTERED BY THE PLAN FOR THE STATE.**

1 14-505.

2 (d) The Board may make a change to the standard benefit package only if:

3 (1) the proposed change is submitted in writing to the Board at least  
4 15 days before the meeting at which a vote on the proposed change will be taken;

5 (2) consideration of the proposed change is listed as an action item on  
6 the agenda for the meeting;

7 (3) the proposed change is set forth in a written motion that:

8 (i) identifies the specific changes to be made; and

9 (ii) is included in the minutes of the meeting of the Board at  
10 which the motion is made;

11 (4) the deliberations and vote on the proposed change occur during a  
12 public session of a meeting with the Board; and

13 (5) the vote approving the proposed change is reflected in the minutes  
14 of the meeting of the Board at which the vote is taken.

15 (e) A change to the standard benefit package is not effective until the later  
16 of:

17 (1) 30 days after the date the Board adopts the change;

18 (2) the date an updated master plan document reflecting the change is  
19 filed with the Commissioner; or

20 (3) 15 days after notice of the change and the effective date of change  
21 is:

22 (i) sent to:

23 1. each member of the Plan; or

24 2. if dependents are included in the coverage, to the  
25 family unit; and

26 (ii) posted on the Plan website.

27 (h) (1) The Board shall establish a premium rate for Plan coverage subject  
28 to review and approval by the Commissioner.

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

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

3           (4) The Board may charge different premiums based on the benefit  
4 package delivery system or cost-sharing arrangement when more than one benefit  
5 package delivery system or cost-sharing arrangement is offered.

6           (i) (1) The Board shall determine a standard risk rate by considering the  
7 premium rates charged by carriers in the State for coverage comparable to that of the  
8 Plan.

9           (2) The premium rate for Plan coverage:

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

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

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

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

17           **(L) (1) IF THE BOARD ENTERS INTO AN AGREEMENT FOR THE PLAN**  
18 **TO ADMINISTER A NATIONAL TEMPORARY HIGH RISK POOL PROGRAM FOR THE**  
19 **STATE, THE BOARD MAY ESTABLISH A SEPARATE BENEFIT PACKAGE DELIVERY**  
20 **SYSTEM AND PREMIUM RATE FOR INDIVIDUALS ENROLLED IN THE NATIONAL**  
21 **HIGH RISK POOL PROGRAM IN ACCORDANCE WITH STANDARDS FOR BENEFIT**  
22 **PACKAGES AND PREMIUM RATES ESTABLISHED UNDER FEDERAL LAW FOR THE**  
23 **NATIONAL HIGH RISK POOL PROGRAM.**

24           **(2) THE REQUIREMENTS OF SUBSECTIONS (D) AND (E) OF THIS**  
25 **SECTION DO NOT APPLY TO THE SEPARATE BENEFIT PACKAGE ESTABLISHED**  
26 **FOR INDIVIDUALS ENROLLED IN THE TEMPORARY HIGH RISK POOL PROGRAM**  
27 **UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

28           **(3) THE REQUIREMENTS OF SUBSECTIONS (H) AND (I) OF THIS**  
29 **SECTION DO NOT APPLY TO THE SEPARATE PREMIUM RATE ESTABLISHED FOR**  
30 **INDIVIDUALS ENROLLED IN THE NATIONAL HIGH RISK POOL PROGRAM UNDER**  
31 **PARAGRAPH (1) OF THIS SUBSECTION.**

1           **(D) (1) IF THE SECRETARY OF HEALTH AND HUMAN SERVICES**  
2 **ESTABLISHES A NATIONAL HIGH RISK POOL PROGRAM THAT ALLOWS**  
3 **ADMINISTRATION BY STATES THROUGH A STATE HIGH RISK POOL, THE BOARD**  
4 **MAY:**

5                   **(I) ELECT FOR THE PLAN TO ADMINISTER THE NATIONAL**  
6 **HIGH RISK POOL PROGRAM FOR THE STATE; AND**

7                   **(II) ENTER INTO ANY AGREEMENTS NECESSARY FOR THE**  
8 **PLAN TO ADMINISTER THE NATIONAL HIGH RISK POOL PROGRAM FOR THE**  
9 **STATE.**

10           **(2) THE BOARD MAY LIMIT ENROLLMENT IN THE TEMPORARY**  
11 **HIGH RISK POOL PROGRAM BASED ON THE AMOUNT OF FEDERAL FUNDING**  
12 **THAT IS AVAILABLE FOR THE PROGRAM.**

13           SECTION 2. AND BE IT FURTHER ENACTED, That the State shall meet any  
14 maintenance of effort requirement established by federal law in connection with a  
15 temporary high risk pool program administered by Maryland Health Insurance Plan.  
16 To that end, the Health Services Cost Review Commission shall take into account any  
17 maintenance of effort obligation associated with the temporary high risk pool in  
18 making its annual assessment in accordance with § 19-214(d)(3)(i) of the Health –  
19 General Article.

20           SECTION 3. AND BE IT FURTHER ENACTED, That the Maryland Health  
21 Insurance Plan shall monitor federal and State legislation relating to the national  
22 high risk pool program, and shall notify within 10 days the Department of Legislative  
23 Services of the enactment of legislation that ends the national high risk pool program  
24 or ends the administration of the national high risk pool program for the State by the  
25 Maryland Health Insurance Plan. This Act shall be abrogated and of no further force  
26 and effect on the earlier of the date that the national high risk pool program ends or  
27 the Maryland Health Insurance Plan ends its administration of the national high risk  
28 pool program for the State.

29           SECTION 4. AND BE IT FURTHER ENACTED, That this Act is an emergency  
30 measure, is necessary for the immediate preservation of the public health or safety,  
31 has been passed by a yea and nay vote supported by three-fifths of all the members  
32 elected to each of the two Houses of the General Assembly, and shall take effect from  
33 the date it is enacted.