

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 504

(Senator Kelley)

Finance

Rules and Executive Nominations

Health Insurance - Essential Health Benefits - Pediatric Dental Benefits

This emergency bill, to the extent permitted under federal law, exempts a health benefit plan offered outside the Maryland Health Benefit Exchange (MHBE) to individuals or small employers from the requirement to provide pediatric dental essential health benefits (EHBs). To be exempt, a carrier must (1) disclose that the health benefit plan does not provide the full range of pediatric dental EHBs and (2) be reasonably assured that the enrollee has obtained full coverage of pediatric dental EHBs through an exchange-certified stand-alone dental plan. MHBE must certify stand-alone dental plans for sale outside the exchange. To be certified, a stand-alone dental plan must be reviewed and approved by the Maryland Insurance Administration (MIA).

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2014. Review and approval of stand-alone dental plans and rate and form filings can be handled with existing MIA budgeted resources.

Local Effect: None.

Small Business Effect: Minimal. Small businesses have the option to purchase a health benefit plan without pediatric dental EHBs if they purchase dental benefits under an exchange-certified stand-alone dental plan.

Analysis

Bill Summary: To be certified for sale outside the exchange, a stand-alone dental plan must meet specified requirements, including (1) covering the State benchmark pediatric dental EHBs; (2) complying with annual limits and lifetime limits applicable to EHBs; (3) complying with annual limits on cost sharing applicable to stand-alone dental plans under federal law; and (4) meeting the same actuarial value requirement for the pediatric dental EHBs that is required for a qualified dental plan. Subject to hearing provisions, MHBE may deny, suspend, or revoke the certification of a stand-alone dental plan for sale outside the exchange if the stand-alone dental plan does not satisfy these requirements.

For health benefit plans sold outside the exchange that do not provide pediatric dental EHBs, a carrier must (1) disclose to a potential purchaser that the plan does not include such benefits and include (2) specified information on its application completed by a purchaser. MIA must place on its website a list of exchange-certified stand-alone dental plans in the State.

The bill also repeals a reporting requirement for MHBE and MIA regarding the impact of federal regulations governing the manner in which pediatric dental benefits must be offered and purchased inside and outside MHBE.

Current Law: The federal Patient Protection and Affordable Care Act (ACA) requires nongrandfathered health plans to cover 10 EHBs, which include items and services in the following categories: (1) ambulatory patient services; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services, including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services, including dental and vision care. Under the Maryland Insurance Article, these EHBs must be included in the State benchmark plan and required in all qualified health plans (QHPs) offered in MHBE and all individual health benefit plans and health benefit plans offered to small employers outside of MHBE (with the exception of grandfathered health plans). Within MHBE, pediatric dental EHBs may be offered in a QHP, in conjunction with or as an endorsement to the QHP, or as a stand-alone dental plan.

Chapter 159 of 2013 (the Maryland Health Progress Act) requires MHBE and MIA to conduct a study on the impact of federal regulations governing the manner in which pediatric dental benefits must be offered and purchased inside and outside MHBE. The study must assess (1) the effect of the regulations on the affordability and accessibility of pediatric dental benefits and children's access to dental care and (2) the options that may be available to the State to address any adverse consequences of the

manner in which pediatric dental benefits must be offered and purchased under the federal regulations. MHBE and MIA must report the findings of the study and any recommendations for further legislative action to the Governor by December 1, 2014.

Background: ACA and related regulations establish that, if a state health insurance exchange offers a stand-alone dental plan offering pediatric dental EHBs, medical plans are not required to offer a pediatric dental plan benefit on that exchange. The U.S. Department of Health and Human Services (HHS) was encouraged to extend the ability of a medical insurance plan to not offer the pediatric dental EHBs into the nonexchange market, in cases where a stand-alone dental plan that meets the standards to cover the benefits is offered.

In February 2013, HHS issued a final rule that included guidance on this issue, which specified that, when an issuer is reasonably assured that an individual has obtained such coverage through an exchange-certified stand-alone dental plan offered outside an exchange, the issuer would not be found noncompliant with EHB requirements if the issuer offers that individual a policy that, when combined with the exchange-certified stand-alone dental plan, ensures full coverage of EHBs. HHS noted that the stand-alone dental plan would have to be exchange-certified but would not need to be purchased through an exchange. This alternate method of compliance is at the option of the medical plan issuer and only applies with respect to individuals for whom the medical plan issuer is reasonably assured have obtained pediatric dental coverage through an exchange-certified stand-alone dental plan.

Additional Comments: The bill is intended to allow stand-alone dental plans to be sold outside of MHBE within the guidance offered by HHS. As MHBE is not authorized under current law to certify plans sold outside MHBE, the bill grants such authority. In contrast to the detailed certification requirements for plans sold within MHBE, a stand-alone dental plan sold outside MHBE must only be reviewed and approved by MIA.

Additional Information

Prior Introductions: None.

Cross File: HB 693 (Delegate Bromwell, *et al.*) - Health and Government Operations.

Information Source(s): *Patient Protection and Affordable Care Act: Standards Related to Essential Health Benefits, Actuarial Value, and Accreditation - Final Rule*, U.S. Department of Health and Human Services; Maryland Insurance Administration; Department of Legislative Services

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