

# HOUSE BILL 1795

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EMERGENCY BILL

8lr4052

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By: **Delegates Pena–Melnik, Pendergrass, Busch, Angel, B. Barnes, Barron, Bromwell, Frush, Hill, Kelly, Kipke, Metzgar, Miele, Morgan, Reznik, Rosenberg, Sample–Hughes, Szeliga, Valentino–Smith, West, and K. Young**

Introduced and read first time: March 2, 2018

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Health Benefit Exchange – Establishment of a Reinsurance Program**

3 FOR the purpose of repealing the requirement that the Maryland Health Benefit Exchange  
4 implement or oversee the implementation of state–specific requirements for  
5 transitional reinsurance and risk adjustment under the Affordable Care Act;  
6 repealing the prohibition on the Exchange’s assuming responsibility for the program  
7 corridors for health benefit plans in certain exchanges established under certain  
8 provisions of the Affordable Care Act; repealing the requirement that the Exchange  
9 operate or oversee the operation of a transitional reinsurance program in accordance  
10 with certain regulations for certain coverage years; repealing the requirement that  
11 the Exchange operate or oversee the operation of a certain risk adjustment program;  
12 repealing the requirement that the Exchange, beginning in a certain year, strongly  
13 consider using a certain model for a certain purpose; requiring, rather than  
14 authorizing, the Exchange to establish a State Reinsurance Program to provide  
15 reinsurance to certain carriers; requiring that the Program be designed to mitigate  
16 the impact of certain individuals on certain rates; providing that, beginning on a  
17 certain date, funding for reinsurance in the individual health insurance market  
18 through the Program may be made from certain sources; requiring that, beginning  
19 on a certain date and under certain circumstances, certain State funding for the  
20 reinsurance of the individual market through the Program be contingent on the  
21 Centers for Medicare and Medicaid Services’ approving a waiver under a certain  
22 provision of federal law; requiring the Exchange to adopt certain regulations on or  
23 before a certain date; authorizing the Exchange and the Maryland Insurance  
24 Commissioner to submit a waiver and seek certain funding under certain provisions  
25 of federal law; authorizing, on or before a certain date, the Commissioner to waive  
26 certain statutory requirements under certain circumstances; making this Act an  
27 emergency measure; and generally relating to the establishment of a reinsurance  
28 program by the Maryland Health Benefit Exchange.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing  
2 Article – Insurance  
3 Section 31–117  
4 Annotated Code of Maryland  
5 (2017 Replacement Volume)

6 BY adding to  
7 Article – Insurance  
8 Section 31–117 and 31–117.1  
9 Annotated Code of Maryland  
10 (2017 Replacement Volume)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
12 That Section(s) 31–117 of Article – Insurance of the Annotated Code of Maryland be  
13 repealed.

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

16 **Article – Insurance**

17 **31–117.**

18 **(A) THE EXCHANGE SHALL ESTABLISH A STATE REINSURANCE PROGRAM**  
19 **TO PROVIDE REINSURANCE TO CARRIERS THAT OFFER INDIVIDUAL HEALTH**  
20 **BENEFIT PLANS IN THE STATE.**

21 **(B) THE STATE REINSURANCE PROGRAM SHALL BE DESIGNED TO**  
22 **MITIGATE THE IMPACT OF HIGH-RISK INDIVIDUALS ON RATES IN THE INDIVIDUAL**  
23 **INSURANCE MARKET INSIDE AND OUTSIDE THE EXCHANGE.**

24 **(C) BEGINNING JANUARY 1, 2019, FUNDING FOR REINSURANCE IN THE**  
25 **INDIVIDUAL MARKET THROUGH THE STATE REINSURANCE PROGRAM MAY BE MADE**  
26 **FROM:**

27 **(1) ANY AVAILABLE STATE FUNDING SOURCE; AND**

28 **(2) ANY AVAILABLE FEDERAL FUNDING SOURCE.**

29 **(D) BEGINNING JANUARY 1, 2019, IF REQUIRED UNDER THE TERMS AND**  
30 **CONDITIONS OF RECEIVING FEDERAL FUNDS, STATE FUNDING FOR REINSURANCE**  
31 **IN THE INDIVIDUAL MARKET THROUGH THE STATE REINSURANCE PROGRAM SHALL**  
32 **BE CONTINGENT ON THE CENTERS FOR MEDICARE AND MEDICAID SERVICES’**  
33 **APPROVING A WAIVER UNDER § 1332 OF THE AFFORDABLE CARE ACT.**

1           **(E) THE EXCHANGE SHALL ADOPT REGULATIONS IMPLEMENTING THE**  
2 **PROVISIONS OF THIS SECTION.**

3 **31-117.1.**

4           **(A) THE EXCHANGE AND THE COMMISSIONER MAY SUBMIT A WAIVER**  
5 **UNDER § 1332 OF THE AFFORDABLE CARE ACT TO ESTABLISH A PROGRAM FOR**  
6 **REINSURANCE AND SEEK FEDERAL PASS-THROUGH FUNDING UNDER § 26B OF THE**  
7 **INTERNAL REVENUE CODE AND § 1402 OF THE AFFORDABLE CARE ACT.**

8           **(B) ON OR BEFORE DECEMBER 31, 2018, THE COMMISSIONER MAY WAIVE**  
9 **ANY NOTIFICATION OR OTHER REQUIREMENTS THAT APPLY TO A CARRIER UNDER**  
10 **THIS ARTICLE IN CALENDAR YEAR 2018 DUE TO THE IMPLEMENTATION OF A WAIVER**  
11 **APPROVED UNDER § 1332 OF THE AFFORDABLE CARE ACT.**

12           SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency  
13 measure, is necessary for the immediate preservation of the public health or safety, has  
14 been passed by a yea and nay vote supported by three-fifths of all the members elected to  
15 each of the two Houses of the General Assembly, and shall take effect from the date it is  
16 enacted.