

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 54

(Chair, Finance Committee)(By Request - Departmental -
Maryland Insurance Administration)

Finance

Health and Government Operations

**Health Insurance – Technical Corrections and Required Conformity With
Federal Law**

This departmental bill makes technical corrections and updates provisions of law relating to health insurance to conform with the federal Patient Protection and Affordable Care Act and related rules and regulations.

Fiscal Summary

State Effect: None.

Local Effect: None.

Small Business Effect: The Maryland Insurance Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary/Current Law/Background:

Accountable Care Organizations

Chapter 204 of 2014 authorizes the provision of bonuses or other incentive-based compensation to a health care practitioner or a set of health care practitioners (including an accountable care organization (ACO) established in accordance with federal law and

regulations) if the bonus or compensation does not create a disincentive to medically appropriate or medically necessary health care services. A bonus or other incentive-based compensation (1) if applicable, must promote the provision of preventive health care services or (2) may reward a health care practitioner or a set of health care practitioners, based on satisfaction of performance measures, if certain specified items are agreed on in writing by the carrier and the health care practitioner or set of health care practitioners.

Federal law (42 U.S.C. § 1395jjj, formerly 42 U.S.C. § 1899) requires the U.S. Secretary of Health and Human Services to establish a shared savings program under which (1) a group of providers meeting specified criteria may work together to manage and coordinate care for Medicare fee-for-service beneficiaries through an ACO and (2) ACOs that meet certain quality performance standards are eligible to receive payments for shared savings. The bill corrects the cross reference to this section of federal law.

Special Enrollment Periods for Small Employers

A carrier must provide a special enrollment period during which an individual who experiences a triggering event can enroll in or change health benefit plans. Triggering events include, among other provisions, when an eligible employee or dependent gains access to a new qualified health plan (QHP) as a result of a specified permanent move or demonstrates to the Small Business Health Options Program (SHOP) Exchange that the eligible employee or dependent meets other exceptional circumstances.

The bill makes a technical correction to this special enrollment period to conform to the federal [Market Stabilization Final Rule](#) published in April 2017. The bill also corrects errors in existing law that applied the special enrollment period only to eligible employees and dependents already enrolled in QHPs in the SHOP Exchange. This special enrollment period is intended to apply to all eligible employees and dependents whether they were enrolled in a small group plan on or off of the SHOP Exchange or were not currently enrolled in a small group plan. For SHOP Exchange plans, the special enrollment period due to other exceptional circumstances applies to eligible employees or dependents whether or not they are enrolled in QHPs in the SHOP Exchange.

Renewal of Individual Health Benefit Plans

Statute specifies that changes to a health benefit plan made to comply with federal or State requirements are not subject to the specified plus or minus two percentage points referenced in State law. The bill repeals the inappropriate cross reference in current law and instead replaces it with the correct reference to federal regulations.

Federal regulations (45 C.F.R. § 147.106(e)) specify the exceptions for uniform modifications of coverage for individual or small group health benefit plans, including if a

product provides the same covered benefits, except for any changes in benefits that cumulatively impact the plan-adjusted index rate for any plan within the product within an allowable variation of plus or minus two percentage points (not including changes pursuant to applicable federal or State requirements).

Definition of Small Employer

“Small employer” is defined as an employer that, during the immediately preceding calendar year, employed an average of not more than (1) 50 employees for plan years that began prior to January 1, 2016, and (2) 100 employees for plan years that began on or after January 1, 2016, *or another number of employees as provided under federal law*. Under federal law, a small employer is defined as not more than 50 employees. Therefore, the bill repeals the obsolete portion of the definition.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - January 9, 2018
mag/ljm Third Reader - March 28, 2018
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Insurance – Accountable Care Organizations – Technical Correction

BILL NUMBER: SB 54

PREPARED BY:
(Dept./Agency) Maryland Insurance Administration

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This legislation serves to correct a clerical error. Section 15-113(c)(1)(iii) of the Insurance Article, regarding accountable care organizations, incorrectly cites to 42 U.S.C. § 1899. The correct citation is 42 U.S.C. § 1395jjj.

Because this bill merely corrects an inaccurate citation and has no substantive effect, there are no costs associated with this legislation.