

SENATE BILL 484

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CF HB 286

By: **Senators Kelley, Klausmeier, Mathias, Middleton, Muse, and Pugh**

Introduced and read first time: February 2, 2012

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Managed Care Organizations – Medical Loss Ratio Information – Publication**

3 FOR the purpose of requiring the Secretary of Health and Mental Hygiene to publish
4 in a certain manner certain medical loss ratio information provided by certain
5 managed care organizations and certain financial information on the Web site of
6 the Department of Health and Mental Hygiene; and generally relating to
7 managed care organizations and the publication of medical loss ratio
8 information.

9 BY repealing and reenacting, with amendments,
10 Article – Insurance
11 Section 15–605(c)
12 Annotated Code of Maryland
13 (2011 Replacement Volume)

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

16 **Article – Insurance**

17 15–605.

18 (c) (1) (i) Individual health insurance coverage and health insurance
19 coverage offered in the small group and large group markets, as those terms are
20 defined in the federal Public Health Service Act, issued or delivered in the State by an
21 authorized insurer, nonprofit health service plan, or health maintenance organization
22 shall comply with the loss ratio requirements of sections 1001(5) and 10101(f) of the
23 Affordable Care Act, which amend section 2718 of the Public Health Service Act.

24 (ii) The provisions of subparagraph (i) of this paragraph do not
25 apply to coverage for excepted benefits, as defined in 45 C.F.R. § 146.145(c).

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iii) The Commissioner may require an insurer, a nonprofit
2 health service plan, or a health maintenance organization to file new rates if the loss
3 ratio reported in the manner required under 45 C.F.R. § 158 is less than that required
4 under subparagraph (i) of this paragraph.

5 (2) The authority of the Commissioner under paragraph (1) of this
6 subsection to require an insurer, nonprofit health service plan, or health maintenance
7 organization to file new rates based on loss ratio:

8 (i) is in addition to any other authority of the Commissioner
9 under this article to require that rates not be excessive, inadequate, or unfairly
10 discriminatory; and

11 (ii) does not limit any existing authority of the Commissioner to
12 determine whether a rate is excessive.

13 (3) (i) In determining whether to require an insurer to file new
14 rates under this subsection, the Commissioner may consider the amount of health
15 insurance premiums earned in the State on individual policies in proportion to the
16 total health insurance premiums earned in the State for the insurer.

17 (ii) The insurer shall provide to the Commissioner the
18 information necessary to determine the proportion of individual health insurance
19 premiums to total health insurance premiums as provided under this paragraph.

20 (4) The Secretary of Health and Mental Hygiene, in consultation with
21 the Commissioner and in accordance with their memorandum of understanding, may
22 adjust capitation payments for a managed care organization or for the Maryland
23 Medical Assistance Program of a managed care organization that is a certified health
24 maintenance organization if the loss ratio is less than 85%.

25 (5) A loss ratio reported under paragraph (4) of this subsection shall
26 be calculated separately and may not be part of another loss ratio reported under this
27 section.

28 (6) Any rebate received by a managed care organization may not be
29 considered part of the loss ratio of the managed care organization.

30 (7) If the Secretary of Health and Mental Hygiene adjusts capitation
31 payments for a managed care organization or a certified health maintenance
32 organization under paragraph (4) of this subsection, the managed care organization or
33 certified health maintenance organization may:

34 (i) appeal the decision of the Secretary to the Board of Review
35 established under Title 2, Subtitle 2 of the Health – General Article; and

1 (ii) take any further appeal allowed by the Administrative
2 Procedure Act under Title 10, Subtitle 2 of the State Government Article.

3 (8) THE SECRETARY OF HEALTH AND MENTAL HYGIENE SHALL
4 PUBLISH IN A CONSPICUOUS MANNER ON THE WEB SITE OF THE DEPARTMENT
5 OF HEALTH AND MENTAL HYGIENE:

6 (I) THE LOSS RATIO, AS DETERMINED BY THE
7 DEPARTMENT OF HEALTH AND MENTAL HYGIENE FOR EACH MANAGED CARE
8 ORGANIZATION PARTICIPATING IN THE MEDICAL ASSISTANCE PROGRAM, FOR
9 EACH YEAR DURING THE MOST RECENT 3-YEAR PERIOD;

10 (II) FOR EACH YEAR DURING THE 3-YEAR PERIOD, THE
11 AMOUNT TO BE RETURNED TO THE MEDICAL ASSISTANCE PROGRAM, IF ANY,
12 FROM A MANAGED CARE ORGANIZATION FOR FAILING TO MEET THE LOSS RATIO
13 REQUIREMENT UNDER PARAGRAPH (4) OF THIS SUBSECTION; AND

14 (III) ANY AMOUNT DUE TO OR RECEIVED BY THE
15 DEPARTMENT OF HEALTH AND MENTAL HYGIENE FROM A MANAGED CARE
16 ORGANIZATION FOR EACH YEAR DURING THE 3-YEAR PERIOD.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 October 1, 2012.