

Chapter 74

(Senate Bill 484)

AN ACT concerning

Managed Care Organizations – Medical Loss Ratio Information – Publication

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

BY repealing and reenacting, with amendments,

Article – Insurance

Section 15–605(c)

Annotated Code of Maryland

(2011 Replacement Volume)

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

Article – Insurance

15–605.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Approved by the Governor, April 10, 2012.