

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 1421

(Chair, Health and Government Operations  
Committee)(By Request - Departmental - Health)

Health and Government Operations

Finance

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Maryland Health Benefit Exchange - Functions and Outreach

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This departmental bill requires the Maryland Health Benefit Exchange (MHBE) to (1) conduct specified outreach and education activities to increase “health literacy” and educate consumers about MHBE and insurance affordability programs and (2) perform specified functions for Maryland Medicaid programs, as requested by the Maryland Department of Health and approved by the MHBE Board, to the extent that the performance of the functions aid in the efficient operations of MHBE and Medicaid. **The bill takes effect July 1, 2019.**

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Fiscal Summary

**State Effect:** Any change in the operations or finances of MHBE is anticipated to be minimal and absorbable within existing budgeted resources. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** MHBE has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

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Analysis

**Bill Summary:** “Health literacy” means the degree to which an individual has the capacity to obtain, process, and understand health information and services in order to make an appropriate health decision.

**Current Law/Background:** The exchange must:

- make qualified health plans (QHPs) available to qualified individuals and employers;
- allow carriers to offer a qualified dental plan (QDP) that provides limited dental benefits with or separate from QHPs;
- allow carriers to offer a qualified vision plan that provides limited scope vision benefits with or separate from QHPs;
- implement QHP certification procedures;
- operate a toll-free telephone hotline;
- provide for enrollment periods;
- maintain a website with standardized, comparative information on QHPs and QDPs;
- assign ratings for and determine each QHP's level of coverage;
- present QHPs in a standardized format;
- provide information and make eligibility determinations for Medicaid and the Maryland Children's Health Program (MCHP);
- facilitate enrollment in Medicaid or MCHP;
- establish an electronic calculator to determine QHP and QDP costs after the application of any premium tax credit;
- establish a Small Business Health Options Program (SHOP) exchange through which qualified employers may access coverage for their employees and meet standards for the federal qualified employer tax credit;
- implement a certification process for individuals exempt from the federal individual responsibility requirement and penalty;
- implement a process to notify the federal government of individuals who are exempt from the federal individual responsibility requirement;
- provide notice to employers of employees who cease coverage under a QHP during a plan year;
- determine eligibility for premium tax credits, reduced cost-sharing, and individual responsibility exemptions;
- establish a Navigator Program for the individual and SHOP exchanges;
- carry out a plan to provide assistance for consumers seeking to purchase products through the exchange; and
- carry out a public relations and advertising campaign to promote the exchange.

MHBE provides a marketplace for individuals and small businesses to purchase affordable health coverage. Through the Maryland Health Connection (MHC), Maryland residents can shop for health insurance plans, compare rates, and determine their eligibility for federal advanced premium tax credits, cost-sharing reduction plans, and public assistance

programs such as Medicaid. An individual or family that selects a QHP enrolls in that program directly through MHC.

MHBE currently performs administrative, operational, and technical services for Medicaid enrollees, including enrollment functions. MHBE advises that this legislation seeks to provide additional statutory authority to continue and expand on such activities. Expansion of MHBE's role to include improving the health literacy of enrollees seeks to reduce uncompensated care, maximize the impact of the reinsurance program, and assist consumers in better utilizing their benefits to improve their overall health.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Health; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - March 21, 2019  
mm/ljm Third Reader - April 4, 2019

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## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Health Benefit Exchange—Scope of Exchange Functions

BILL NUMBER: HB 1421

PREPARED By: Jessi, Executive Director of the Health Services Cost Review Commission.

### 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

We anticipate this bill to have no economic impact.