

MARYLAND HEALTH BENEFIT EXCHANGE ACT OF 2011 ADMINISTRATION BILL – HB166/SB182

OVERVIEW

Maryland's Health Benefit Exchange will play a critical role in expanding access to health insurance coverage. It will:

- ✓ Provide individuals and small businesses one-stop comparison shopping for affordable insurance options;
- ✓ Help thousands of low-income Marylanders find out whether they are eligible for Medicaid or federal subsidies to buy private coverage;
- ✓ Support small business access to affordable coverage; and
- ✓ Allow private insurers to offer competitive plans in a fair and transparent marketplace where consumers will be able to compare rates, benefits, and quality to find plans that best suit their needs.

Timing requirements: The Affordable Care Act requires states to establish their exchanges by March 2012 and to make them operational by January 1, 2014. The Governor's Health Care Reform Coordinating Council concluded that Maryland must therefore create the framework to develop its exchange during the 2011 session.

THE BILL

The bill lays the foundation for the development of Maryland's Exchange in three parts.

Framework and Governance Structure: The bill creates the Exchange as an independent public entity. Specific provisions promote transparency, accountability, flexibility and coordination with a range of partners. The bill also mandates that the Exchange determine later whether it should be transformed into a nonprofit.

ACA provisions: The exchange establishes those functions and duties which are required as part of the Affordable Care Act. Other provisions, which are subject to state discretion, can be added at a later time.

Study and recommendations: The bill directs the Exchange to conduct a study and make recommendations on a multitude of issues critical to how the Exchange should operate within Maryland's unique health care and health insurance delivery systems. Areas of study include:

- ✓ How the Exchange's navigator program should be designed, and its relationship with producers and third-party administrators;
- ✓ The types of insurance plans the Exchange should offer;
- ✓ Whether extra benefits should be required of plans; and
- ✓ How Maryland's exchange for small businesses should be designed and operated.

FUNDING

The ACA requires that the Exchange be self-sustaining by 2016. In the interim, the planning and development of the Exchange will be funded through federal grants.