

MARYLAND HEALTH INSURANCE PLAN



201 E. Baltimore Street
Suite 630
Baltimore, Maryland 21202
410-576-2055

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December 3, 2012

Senator Thomas M. Middleton
Chairman, Senate Finance Committee
Miller Senate Office Building, 3 East Wing
11 Bladen St.
Annapolis, MD 21401

Re: 2012 Annual Report of the Maryland Health Insurance Plan – Pursuant to Insurance Article 14-505(f)

Dear Chairman Middleton:

As required by §14-505(f) of the Insurance Article, the Board of the Maryland Health Insurance Plan (MHIP) submits the Fiscal Year 2012 Annual Report on benefits offered by MHIP.

Benefit Plan Changes During the 2011-12 Plan Year

Each year the Board of Directors for the Maryland Health Insurance Plan reviews plan premium rates and benefits to assure the Plan's ongoing solvency and to comply with the requirement that standard plan premiums are 110% to 150% above individual market rates for comparable underwritten coverage.

For the 2011 – 2012 health plan year, MHIP implemented the following changes:

Beginning July 1, 2011, MHIP premiums increased by 7% for the \$500 deductible PPO plan, the \$1,000 deductible PPO plan, the HMO plan; and 10% for the High Deductible Plan. Also on July 1, 2011, premiums for the MHIP+ subsidy plan (for moderate and low income members) increased by 7% for the \$200 deductible PPO plans, 7% for the \$500 deductible PPO plan, and 10% for the HMO plans.

The Board also approved the introduction of a new plan option, HealthyBlue Triple Option, for the 2011-2012 plan year. Under this Plan, members are able to choose when, how and by whom their health care is provided each time they need care.

Finally, the Board approved the establishment of a special HMO Governmental payer plan for participants who enroll in MHIP through the Maryland AIDS Administration.

Benefit Plan Changes for the Plan Year 2012-2013

For the current health plan year, July 1, 2012 to June 30, 2013, MHIP has made the following changes:

Premiums were increased 4% for all plans. MHIP expanded coverage for the members' dependents from age 23 to 26. In addition, the Board eliminated the six-month waiting period for prescription drug coverage for newly-enrolled applicants with pre-existing condition. The pre-existing condition waiting period will still apply for medical expense benefits; and the optional endorsement to remove the waiting period for medical benefits ("buy down") will continue to be offered.

Other actions taken by the Board were to eliminate copayments for preventive services, except the copay for prostate preventive screening which is unchanged. The new four-tiered copayment structure for prescription drugs is as follows: generic drugs are \$0; preferred brand name drugs, \$45; non-preferred brand name drugs are \$75 plus the difference in cost between the brand name drug and generic drug; and select brand name drugs are \$125. MHIP is also in the process of satisfying regulatory requirements to modify the premium payment grace period from sixty (60) days to thirty (30) days. If a member's policy is terminated for non-payment of premium, the member will have 30 days from the termination date to bring the account current and be reinstated.

Thank you for your continued support of MHIP.

Sincerely,



Tate Showers
Interim Executive Director
Maryland Health Insurance Plan

cc: Board of Directors, Maryland Health Insurance Plan