§ 31-117. State reinsurance program: Maryland Health Benefit Exchange

(a) The Exchange, in consultation with the Commissioner and as approved by the Board, shall establish and implement a State Reinsurance Program:

(1) to provide reinsurance to carriers that offer individual health benefit plans in the State;

(2) that meets the requirements of a waiver approved under § 1332 of the Affordable Care Act; and

(3) that is consistent with State and federal law.

(b) The State Reinsurance Program shall be designed to mitigate the impact of high-risk individuals on rates in the individual insurance market inside and outside the Exchange.

(c)(1) Based on available funds, the Exchange, in consultation with the Commissioner and as approved by the Board, shall establish reinsurance payment parameters for calendar year 2019 and each subsequent calendar year that include:

(i) an attachment point;

(ii) a coinsurance rate; and

(iii) a coinsurance cap.

(2) The Exchange, in consultation with the Commissioner and as approved by the Board, may alter the parameters established in accordance with paragraph (1) of this subsection as necessary to secure federal approval for a waiver submitted in accordance with § 31–117.1(a) of this title.

(d) Beginning January 1, 2019, funding for reinsurance in the individual market through the State Reinsurance Program may be made by using:

(1) any pass-through funds received from the federal government under a waiver approved under § 1332 of the Affordable Care Act;

(2) any funds designated by the federal government to provide reinsurance to carriers that offer individual health benefit plans in the State; and
(3) any funds designated by the State to provide reinsurance to carriers that offer individual health benefit plans in the State.

(e) The implementation of a State Reinsurance Program for reinsurance in the individual market shall be contingent on approval from the U.S. Secretary of Health and Human Services and the U.S. Secretary of the Treasury of a State Innovation Waiver application under § 1332 of the Affordable Care Act.

(f) On or before January 1, 2019, the Exchange shall adopt regulations implementing the provisions of this section.