

MedChi

The Maryland State Medical Society

1211 Cathedral Street
Baltimore, MD 21201-5516
410.539.0871
Fax: 410.547.0915

1.800.492.1056

www.medchi.org

TO: The Honorable Peter A. Hammen, Chairman
Members, Health and Government Operations Committee
The Honorable Eric M. Bromwell

FROM: Joseph A. Schwartz, III
Pamela Metz Kasemeyer
J. Steven Wise

DATE: February 15, 2011

RE: **SUPPORT IF AMENDED** – House Bill 166– *Maryland Health Benefit Exchange Act of 2011*
SUPPORT – House Bill 516 – *Health Benefit Exchanges – Establishment and Operations*

The Maryland State Medical Society (MedChi), which represents over 7,300 Maryland physicians and their patients, supports House Bill 516 and House Bill 166 if amended.

These bills seek to establish the Insurance Exchange required by federal health reform. The Exchange will serve as a marketplace/clearing house for those individuals seeking insurance coverage. Many currently uninsured individuals will be eligible for federal subsidies to assist with the new federal law requiring the purchase of health insurance. The federal law envisions “Navigators” to assist persons coming to the Exchange.

The two bills before you create the Exchange but do so in different ways. One bill establishes the Exchange as a not-for-profit corporation while the other establishes the Exchange as a government entity. MedChi understands that many individuals are wary of yet another government agency. Maryland has a history of creating government agencies to regulate health care including the Health Service Cost Review Commission and the Health Care Commission. There are ardent critics of these agencies

MedChi would prefer the not-for-profit model or, at least, the creation of a Public Corporation. House Bill 166 creates the Exchange as a unit of state government (page 8, line 17) but then has to “exempt” it from various laws which restrict the operation of a state governmental unit. The creation of the Exchange as a Public Corporation would,

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however, have to include provisions that certain provisions applicable to state government applies such as open meeting laws and the like.

While this change may seem cosmetic, MedChi believes that a considerable amount of legitimate angst exists over government's intervention in health care and it may be moderated by a different legal structure.

MedChi also believes that all voting members of the Exchange Board should be subject to the advice and consent of the Maryland Senate. House Bill 166 appoints the Secretary of Health and Mental Hygiene, the Insurance Commissioner and the Executive Director of the Maryland Health Care Commission as three of the nine members of the Board. It may be that these individuals should be *ex officio* members of the Board but, if so, they should not have a voting role. This change would further the removal of the Exchange from being a governmental unit.

Finally, MedChi would propose the Exchange be limited from taking any further action in future years until expressly authorized by the General Assembly. Under House Bill 166, the Exchange is instructed to study and make recommendations concerning several important matters (page 31, line 23 through page 33, line 18). Those matters are to be reported to both the Governor and the General Assembly with recommendations. MedChi believes that those recommendations should not be accepted until separate legislation is introduced before the General Assembly and signed into law by the Governor. Accordingly, the language on page 31, lines 12 and 13, should be amended to so reflect. Moreover, the language on page 16, lines 10-13, should be amended to reflect this point.

If House Bill 516 is the preferred alternative, MedChi believes that several amendments are needed to ensure that the Exchange has an open and transparent process that can be viewed by members of the public.

For more information call:

Joseph A. Schwartz, III
Pamela Metz Kasemeyer
J. Steven Wise
410-269-1618

cc: Caroline Quattrochi, Esq.