
By: Delegates Goldwater, Doory, Eckardt, Grosfeld, Harrison, Kopp, Love, Mandel, McIntosh, Menes, Parker, Pitkin, Snodgrass, Workman, Walkup, Pendergrass, Preis, Hecht, Petzold, Kirk, Frush, Donoghue, Nathan-Pulliam, and Barve

Introduced and read first time: January 18, 1996

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 1996

CHAPTER ____

1 AN ACT concerning

2 ~~Health Insurers and Health Maintenance Organizations~~ Long-Term Care Insurers -
3 Provision of Sample Policies and Copies of Premium Rates

4 FOR the purpose of requiring a ~~health insurer, health maintenance organization, and~~
5 ~~certain other persons to provide on request to certain persons a sample copy of the~~
6 ~~health insurer's or health maintenance organization's policy, contract, or certificate~~
7 ~~for a health insurance product offered by the health insurer or health maintenance~~
8 ~~organization and a copy of the health insurer's or health maintenance organization's~~
9 ~~premium rates for health insurance products offered by the health insurer or health~~
10 ~~maintenance organization~~ long-term care insurer to provide on request to certain
11 persons a sample copy of the insurer's policy, contract, or certificate for a long-term
12 care insurance product offered by the insurer and a copy of the insurer's premium
13 rates for all long-term care insurance products offered by the insurer.

14 ~~BY adding to~~
15 ~~Article 48A—Insurance Code~~
16 ~~Section 490FF~~
17 ~~Annotated Code of Maryland~~
18 ~~(1994 Replacement Volume and 1995 Supplement)~~

19 ~~BY repealing and reenacting, with amendments,~~
20 ~~Article 48A—Insurance Code~~
21 ~~Section 703~~
22 ~~Annotated Code of Maryland~~
23 ~~(1994 Replacement Volume and 1995 Supplement)~~

2

1 ~~(As enacted by Section 2 of Chapter 9 of the Acts of the General Assembly of 1993)~~

2 ~~BY repealing and reenacting, with amendments,~~

3 ~~Article 48A - Insurance Code~~

4 ~~Section 703~~

5 ~~Annotated Code of Maryland~~

6 ~~(1994 Replacement Volume and 1995 Supplement)~~

7 ~~(As enacted by Section 3 of Chapter 9 of the Acts of the General Assembly of 1993)~~

8 ~~BY repealing and reenacting, with amendments,~~

9 ~~Article - Health - General~~

10 ~~Section 19-716~~

11 ~~Annotated Code of Maryland~~

12 ~~(1990 Replacement Volume and 1995 Supplement)~~

13 BY adding to

14 Article 48A - Insurance Code

15 Section 643.1

16 Annotated Code of Maryland

17 (1994 Replacement Volume and 1995 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article 48A - Insurance Code**

21 ~~490FF.~~

22 ~~AN INSURER, INCLUDING A PERSON REGISTERED AS AN ADMINISTRATOR~~
23 ~~UNDER THIS ARTICLE, OR NONPROFIT HEALTH SERVICE PLAN THAT PROVIDES~~
24 ~~HOSPITAL, MEDICAL, OR SURGICAL BENEFITS FOR ISSUANCE OR DELIVERY IN THE~~
25 ~~STATE TO ANY GROUP OR INDIVIDUAL ON AN EXPENSE INCURRED BASIS SHALL~~
26 ~~PROVIDE ON REQUEST TO THE GENERAL PUBLIC:~~

27 ~~(1) A SAMPLE COPY OF THE INSURER'S OR NONPROFIT HEALTH~~
28 ~~SERVICE PLAN'S POLICY OR CERTIFICATE FOR A HEALTH INSURANCE PRODUCT~~
29 ~~OFFERED BY THE INSURER OR NONPROFIT HEALTH SERVICE PLAN; AND~~

30 ~~(2) A COPY OF THE INSURER'S OR NONPROFIT HEALTH SERVICE PLAN'S~~
31 ~~PREMIUM RATES FOR ALL HEALTH INSURANCE PRODUCTS OFFERED BY THE~~
32 ~~INSURER OR HEALTH SERVICE PLAN.~~

33 ~~703.~~

34 ~~(a) A carrier shall apply all risk adjustment factors under § 702 of this subtitle~~
35 ~~consistently with respect to all health benefit plans issued, delivered, or renewed in the~~
36 ~~State.~~

37 ~~(b) (1) A carrier may not arbitrarily transfer a small employer involuntarily into~~
38 ~~or out of a health benefit plan.~~

1 ~~(2) A carrier may not offer to transfer a small employer into or out of a~~
2 ~~health benefit plan unless the offer to transfer is made to all small employers with similar~~
3 ~~risk adjustment factors.~~

4 ~~(c) A carrier shall make a reasonable disclosure in its solicitation and sales~~
5 ~~materials of:~~

6 ~~(1) The provisions concerning the carrier's right to change premium rates,~~
7 ~~including any factors that may affect the changes in premium rates;~~

8 ~~(2) The provisions relating to renewability of policies and contracts;~~

9 ~~(3) The provisions relating to any preexisting condition provision; and~~

10 ~~(4) The provisions of § 704 of this subtitle which:~~

11 ~~(i) Require an employer to make dependent coverage available to~~
12 ~~eligible employees; but~~

13 ~~(ii) Do not require an employer to make a contribution to the~~
14 ~~premium payments for that dependent coverage.~~

15 ~~(D) A CARRIER SHALL PROVIDE ON REQUEST TO A SMALL EMPLOYER AND~~
16 ~~THE GENERAL PUBLIC:~~

17 ~~(1) A SAMPLE COPY OF THE CARRIER'S POLICY OR CONTRACT FOR A~~
18 ~~HEALTH INSURANCE PRODUCT OFFERED BY THE CARRIER; AND~~

19 ~~(2) A COPY OF THE CARRIER'S SMALL GROUP MARKET PREMIUM RATES~~
20 ~~FOR ALL HEALTH INSURANCE PRODUCTS OFFERED BY THE CARRIER.~~

21 ~~[(d)] (E) (1) A carrier shall base its rating methods and practices on:~~

22 ~~(i) Commonly accepted actuarial assumptions; and~~

23 ~~(ii) Sound actuarial principles.~~

24 ~~(2) Subject to the approval of the Commissioner and as provided under §~~
25 ~~704(a)(3) of this subtitle, a carrier may impose reasonable minimum participation~~
26 ~~requirements.~~

27 ~~[(e)] (F) To indicate compliance with subsections (c) and [(d)] (E) of this~~
28 ~~section, a carrier shall maintain information and documentation that is satisfactory to the~~
29 ~~Commissioner.~~

30 ~~[(f)] (G) (1) On or before March 15 of each year, a carrier shall file an actuarial~~
31 ~~certification with the Commissioner that it has followed the rating practices imposed~~
32 ~~under § 702 of this subtitle.~~

33 ~~(2) The certification shall be based on an examination that includes a review~~
34 ~~of:~~

35 ~~(i) Appropriate records; and~~

36 ~~(ii) Actuarial assumptions and methods used by the carrier.~~

4

1 ~~[(g)] (H) A carrier shall:~~

2 ~~(1) Retain all documents and certifications required under this subtitle at its~~
3 ~~principal place of business for a period of 5 years; and~~

4 ~~(2) Make the information and documentation available to the Commissioner~~
5 ~~on request.~~

6 ~~**Article – Health – General**~~

7 ~~19-716.~~

8 ~~(A) Annually, each health maintenance organization shall provide to its members~~
9 ~~and make available to the general public, in clear, readable, and concise form:~~

10 ~~(1) A summary of the most recent financial report that the health~~
11 ~~maintenance organization submits to the Commissioner under § 19-717 of this subtitle;~~

12 ~~(2) A description of the benefit packages available and the nongroup rates~~
13 ~~required by the Commissioner;~~

14 ~~(3) A description of the accessibility and availability of services, including~~
15 ~~where and how to obtain them;~~

16 ~~(4) A statement that shows, by category, the percentage of members assisted~~
17 ~~by public funds;~~

18 ~~(5) The information required to be disclosed by Article 48A, § 703(c) of the~~
19 ~~Code; and~~

20 ~~(6) Any other information that the Commissioner or the Department~~
21 ~~requires by rule or regulation.~~

22 ~~(B) A HEALTH MAINTENANCE ORGANIZATION SHALL PROVIDE ON REQUEST~~
23 ~~TO THE GENERAL PUBLIC:~~

24 ~~(1) A SAMPLE COPY OF THE HEALTH MAINTENANCE ORGANIZATION'S~~
25 ~~CONTRACT FOR A HEALTH INSURANCE PRODUCT OFFERED BY THE HEALTH~~
26 ~~MAINTENANCE ORGANIZATION; AND~~

27 ~~(2) A COPY OF THE HEALTH MAINTENANCE ORGANIZATION'S PREMIUM~~
28 ~~RATES FOR ALL HEALTH INSURANCE PRODUCTS OFFERED BY THE HEALTH~~
29 ~~MAINTENANCE ORGANIZATION.~~

30 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland~~
31 ~~read as follows:~~

32 ~~**Article 48A – Insurance Code**~~

33 ~~703.~~

34 ~~(a) A carrier shall apply all risk adjustment factors under § 702 of this subtitle~~
35 ~~consistently with respect to all health benefit plans issued, delivered, or renewed in the~~
36 ~~State.~~

1 ~~(b)(1) A carrier may not arbitrarily transfer a group or individual involuntarily~~
2 ~~into or out of a health benefit plan.~~

3 ~~(2) A carrier may not offer to transfer a group or individual into or out of a~~
4 ~~health benefit plan unless the offer to transfer is made to all individuals or groups with~~
5 ~~similar risk adjustment factors.~~

6 ~~(c) A carrier shall make a reasonable disclosure in its solicitation and sales~~
7 ~~materials of:~~

8 ~~(1) The provisions concerning the carrier's right to change premium rates,~~
9 ~~including any factors that may affect the changes in premium rates;~~

10 ~~(2) The provisions relating to renewability of policies and contracts;~~

11 ~~(3) The provisions relating to any preexisting condition provision; and~~

12 ~~(4) The provisions of § 704 of this subtitle which require an employer to~~
13 ~~make dependent coverage available to employees without requiring an employer to make~~
14 ~~a contribution to the premium payments for that dependent coverage.~~

15 ~~(D) A CARRIER SHALL PROVIDE ON REQUEST TO AN EMPLOYER AND THE~~
16 ~~GENERAL PUBLIC:~~

17 ~~(1) A SAMPLE COPY OF THE CARRIER'S POLICY OR CONTRACT FOR A~~
18 ~~HEALTH INSURANCE PRODUCT OFFERED BY THE CARRIER; AND~~

19 ~~(2) A COPY OF THE CARRIER'S PREMIUM RATES FOR ALL HEALTH~~
20 ~~INSURANCE PRODUCTS OFFERED BY THE CARRIER.~~

21 ~~[(d)] (E) (1) A carrier shall base its rating methods and practices on:~~

22 ~~(i) Commonly accepted actuarial assumptions; and~~

23 ~~(ii) Sound actuarial principles.~~

24 ~~(2) Subject to the approval of the Commissioner and as provided under §~~
25 ~~704(a)(3) of this subtitle, a carrier may impose reasonable minimum participation~~
26 ~~requirements.~~

27 ~~[(e)] (F) To indicate compliance with subsections (c) and [(d)] (E) of this~~
28 ~~section, a carrier shall maintain information and documentation that is satisfactory to the~~
29 ~~Commissioner.~~

30 ~~[(f)] (G) (1) On or before March 15 of each year, a carrier shall file an actuarial~~
31 ~~certification with the Commissioner that it has followed the rating practices imposed~~
32 ~~under § 702 of this subtitle.~~

33 ~~(2) The certification shall be based on an examination that includes a review~~
34 ~~of:~~

35 ~~(i) Appropriate records; and~~

36 ~~(ii) Actuarial assumptions and methods used by the carrier.~~

6

1 ~~[(g)] (H) A carrier shall:~~

2 ~~(1) Retain all documents and certifications required under this subtitle at its~~
3 ~~principal place of business for a period of 5 years; and~~

4 ~~(2) Make the information and documentation available to the Commissioner~~
5 ~~on request.~~

6 ~~SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act is~~
7 ~~contingent on the taking effect of the contingency provisions specified in Sections 5 and 7~~
8 ~~of Chapter 9 of the Acts of the General Assembly of 1993. If either of those contingency~~
9 ~~provisions in Chapter 9 takes effect, Article 48A, § 703 of the Code, as amended in~~
10 ~~Section 1 of this Act, shall be void. This Act may not be interpreted to have any effect on~~
11 ~~those contingency provisions.~~

12 643.1.

13 IN ADDITION TO ANY OTHER REQUIREMENTS OF THIS SUBTITLE, AN INSURER
14 THAT DELIVERS OR ISSUES FOR DELIVERY IN THE STATE A POLICY, CONTRACT, OR
15 CERTIFICATE OF LONG-TERM CARE INSURANCE UNDER THIS SUBTITLE TO ANY
16 GROUP OR INDIVIDUAL SHALL PROVIDE ON REQUEST TO THE GENERAL PUBLIC:

17 (1) A SAMPLE COPY OF THE INSURER'S POLICY, CONTRACT, OR
18 CERTIFICATE FOR A LONG-TERM CARE INSURANCE PRODUCT OFFERED BY THE
19 INSURER; AND

20 (2) A COPY OF THE INSURER'S PREMIUM RATES FOR ALL LONG-TERM
21 CARE INSURANCE PRODUCTS OFFERED BY THE INSURER.

22 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 1996.