

# SENATE BILL 636

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By: **Senator Middleton**

Introduced and read first time: February 6, 2009

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Required Report and Repeal of Obsolete Provisions**

3 FOR the purpose of requiring the Insurance Commissioner to report to the General  
4 Assembly on or before a certain date each year regarding certain contracts and  
5 certain insured lives; repealing certain provisions of law relating to the taking  
6 effect of certain requirements for health insurers when the Insurance  
7 Commissioner determines that a certain percent of the State’s population is  
8 covered under certain health benefit plans; repealing a certain report; and  
9 generally relating to health insurance.

10 BY adding to

11 Article – Insurance

12 Section 15–132

13 Annotated Code of Maryland

14 (2006 Replacement Volume and 2008 Supplement)

15 BY repealing

16 Chapter 9 of the Acts of the General Assembly of 1993, as amended by Chapter  
17 258 of the Acts of the General Assembly of 1994

18 Section 5

19 BY repealing and reenacting, with amendments,

20 Chapter 9 of the Acts of the General Assembly of 1993

21 Section 6

22 BY repealing

23 Chapter 294 of the Acts of the General Assembly of 1997

24 Section 5

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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**Article – Insurance**2 **15-132.**

3 **ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE COMMISSIONER SHALL**  
4 **REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE**  
5 **STATE GOVERNMENT ARTICLE, ON THE ESTIMATED NUMBER OF INSURED AND**  
6 **SELF-INSURED CONTRACTS FOR HEALTH BENEFIT PLANS IN THE STATE AND**  
7 **THE NUMBER OF INSURED AND SELF-INSURED LIVES UNDER THE AGE OF 65**  
8 **ENROLLED IN BENEFIT PLANS IN THE STATE.**

9 **Chapter 9 of the Acts of 1993, as amended by Chapter 258 of the Acts of 1994**

10 [SECTION 5. AND BE IT FURTHER ENACTED, That:

11 (a) (1) Annually by October 1 the Insurance Commissioner shall  
12 determine the number of individuals in the State who are under the age of 65 and who  
13 are covered under an insured health benefit plan issued by an insurer authorized to  
14 engage in the insurance business in the State or under a prepaid health benefit  
15 package of a health maintenance organization that operates in the State.

16 (2) The Insurance Commissioner shall accept registration from public  
17 and private employers and employee groups or associations in the State that offer  
18 health benefit plans under the Employee Retirement Income Security Act or other  
19 self-insured plans and that would agree to obtain insured health benefits for their  
20 employees or groups for a minimum period of 3 years under an insurance plan issued  
21 by an insurer authorized to engage in the insurance business in the State or under a  
22 prepaid health benefit package of a health maintenance organization that operates in  
23 the State and that would be subject to Section 3 of this Act. Upon request of the  
24 insurer or HMO being considered by a registering group of up to 250 employees, the  
25 registering group shall provide claims and demographic information sufficient to assist  
26 insurers and HMOs to develop rates that are adequate, not excessive and not unfairly  
27 discriminatory, and in accordance with Article 48A, § 702 of the Code.

28 (b) Section 3 of this Act shall take effect the second January 1 following a  
29 determination by the Insurance Commissioner that at least 60 percent of Maryland's  
30 total population under the age of 65 are covered under an insured health benefit plan  
31 or are enrolled in plans sponsored by employers or groups for which the Insurance  
32 Commissioner has obtained registrations, provided, however, that the Insurance  
33 Commissioner shall study whether the percentage of Maryland's total population  
34 under age 65 required for Section 3 to take effect should be greater than 60 percent  
35 and shall promulgate a regulation providing for a higher percentage if the  
36 Commissioner determines that it is in the public interest that the percentage should  
37 be raised. In determining whether the percentage should be raised, the Commissioner  
38 shall include a consideration of the extent to which:

1           (1) Small group premium rates will increase with the addition of  
2 individuals and large groups to the community pool;

3           (2) Existing insured groups are likely to self-insure and exit the  
4 community pool if individuals and large groups enter the community pool;

5           (3) Individuals are likely to move to Maryland to join the community  
6 pool thereby increasing health expenditures in Maryland; and

7           (4) Employer groups are likely to leave the State to avoid the  
8 community pool.

9           (c) The Insurance Commissioner must submit an annual report in  
10 accordance with § 2-1312 of the State Government Article by December 31 of each  
11 year. The report must specify the number of individuals under the age of 65 who are  
12 covered under an insured health benefit plan and by registered employers. If the  
13 Commissioner determines that the taking effect of Section 3 of this Act at a  
14 participation level of 60 percent of the population under age 65 is in the public  
15 interest, the Commissioner shall state the reasons in the report.

16           (d) The first June 1 following the Commissioner's determination that at least  
17 60 percent, or any greater percentage as determined by the Commissioner in  
18 regulation, of Maryland's total population under the age of 65 are covered under an  
19 insured health benefit plan or are enrolled in plans sponsored by employers or groups  
20 for which the Commissioner has obtained registrations, insurers and health  
21 maintenance organizations must submit the estimated community rate applicable to  
22 the Comprehensive Standard Health Benefit Plan after Section 3 of this Act takes  
23 effect. Insurers and health maintenance organizations shall distribute this  
24 information to all covered groups.

25           (e) Except as excused by the Commissioner for circumstances that would  
26 deem an employer unable to maintain health insurance for its employees, any  
27 employer that registers for 3 years with the Commissioner under this section that  
28 fails to provide or discontinues coverage under Article 48A, Title 55 of the Code, after  
29 the Commissioner determines that the 60 percent margin has been met shall be fined  
30 in an amount equal to \$1 per employee for each day under 3 years that the employer is  
31 not covered under Article 48A, Title 55 of the Code.

32           (f) The State Employee and Retiree Health and Welfare Benefits Program  
33 may register, no earlier than January 1, 1995 with the Insurance Commissioner under  
34 this section only if the registration is approved by the Legislative Policy Committee of  
35 the General Assembly.

36           (g) Before the effective date of Section 3 of this Act, the Insurance  
37 Commissioner shall adopt regulations to implement that section.]

