

## Chapter 108

**(House Bill 859)**

AN ACT concerning

**Nonprofit Health Service Plans – Hearing and Order – Impact of Law or  
Regulatory Action by Another State**

FOR the purpose of ~~requiring, instead of authorizing, the Maryland Insurance Commissioner to hold a certain hearing relating to the impact of a law of another state on a nonprofit health service plan operating in this State; authorizing the Commissioner to conduct an examination instead of holding a hearing~~ authorizing the Maryland Insurance Commissioner to conduct an examination relating to the impact of a law of another state on a nonprofit health service plan operating in this State; adding a regulatory action by another state to the circumstances ~~that require~~ in which the Commissioner ~~to~~ may hold a hearing or conduct an examination; adding a requirement by another state that a nonprofit health service plan operating in this State distribute or reduce its surplus to the circumstances ~~that require~~ in which the Commissioner ~~to~~ may hold a hearing or conduct an examination; authorizing an order issued by the Commissioner to include certain actions; prohibiting a nonprofit health service plan from distributing or reducing its surplus under certain circumstances except with ~~certain~~ the approval of the Commissioner; making certain conforming changes; making this Act an emergency measure; and generally relating to the impact of a law or regulatory action by another state on a nonprofit health service plan operating in this State and actions by the Maryland Insurance Commissioner.

BY repealing and reenacting, with amendments,  
 Article – Insurance  
 Section 14–124  
 Annotated Code of Maryland  
 (2011 Replacement Volume and 2014 Supplement)

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

**Article – Insurance**

14–124.

(a) (1) The Commissioner may conduct any investigation or hearing that the Commissioner considers necessary to enforce this subtitle.

(2) In conducting a hearing or investigation under this section, the Commissioner has the same powers with respect to nonprofit health service plans as are

granted to the Commissioner under Titles 2 and 4 of this article with respect to any other activity regulated under this article.

(3) If another state enacts a law **OR TAKES A REGULATORY ACTION** that requires a nonprofit health service plan operating in this State to provide a program or benefits for the residents of the other state **OR TO DISTRIBUTE OR REDUCE ITS SURPLUS ON THE GROUNDS THAT THE SURPLUS IS EXCESSIVE IN WHOLE OR IN PART**, the Commissioner ~~may~~ **SHALL** hold a quasi-legislative hearing or a hearing under Title 2 of this article **OR CONDUCT AN EXAMINATION** to review and evaluate the impact of the law **OR REGULATORY ACTION** on the nonprofit health service plan, including the impact on:

- (i) surplus;
- (ii) premium rates for policies issued or delivered in this State; and
- (iii) solvency.

(4) Based on the review and evaluation under paragraph (3) of this subsection, the Commissioner shall determine whether the impact on the nonprofit health service plan is harmful to the interests of subscribers covered by policies issued or delivered in this State.

(5) (i) If the Commissioner determines the program or benefits for the residents of another state **OR THE SURPLUS DISTRIBUTION OR REDUCTION** have an impact on the nonprofit health service plan that is harmful to the interests of subscribers covered by policies issued or delivered in this State, the Commissioner shall issue an appropriate order to protect the subscribers.

(ii) The order issued under subparagraph (i) of this paragraph may include:

1. a prohibition on the nonprofit health service plan subsidizing the program or benefits for the residents of another state through:

[1.] **A.** premiums charged to subscribers under policies issued or delivered in this State; or

[2.] **B.** use of any surplus earned through policies issued or delivered in this State;

2. **A PROHIBITION ON THE NONPROFIT HEALTH SERVICE PLAN DISTRIBUTING OR REDUCING ITS SURPLUS FOR THE BENEFIT OF RESIDENTS OF ANOTHER STATE; OR**

**3. ANY OTHER ACTION THE COMMISSIONER CONSIDERS NECESSARY TO PROTECT THE INTERESTS OF THE SUBSCRIBERS COVERED BY POLICIES ISSUED OR DELIVERED IN THIS STATE.**

**(6) A NONPROFIT HEALTH SERVICE PLAN MAY NOT DISTRIBUTE OR REDUCE ITS SURPLUS UNDER A LAW OR REGULATORY ACTION THE IMPACT OF WHICH IS SUBJECT TO A HEARING OR AN EXAMINATION UNDER PARAGRAPH (3) OF THIS SUBSECTION, EXCEPT WITH THE APPROVAL OF THE COMMISSIONER ~~AFTER THE HEARING IS HELD OR THE EXAMINATION IS CONDUCTED.~~**

(b) The Commissioner may adopt regulations to carry out this subtitle.

(c) The Commissioner may commence a delinquency proceeding against a corporation operating under this subtitle for any of the reasons set forth in § 9-211(a) and (b) of this article.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.

**Approved by the Governor, April 14, 2015.**