

# SENATE BILL 919

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EMERGENCY BILL

6lr2461  
CF HB 1247

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By: ~~Senator Middleton~~ **Senators Middleton, Astle, Benson, Feldman, Hershey,  
Jennings, Kelley, Klausmeier, Mathias, Pugh, and Reilly**

Introduced and read first time: February 5, 2016

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 17, 2016

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Insurance – ~~Exemption From State Insurance Laws for Self-Funded Student~~  
3 **Health Plans****

4 FOR the purpose of exempting from certain State insurance laws a self-funded student  
5 health plan operated by an independent institution of higher education that provides  
6 health care services to its students and their dependents under certain  
7 circumstances; requiring a certain report of an independent institution of higher  
8 education to be filed on a certain date; ~~requiring certain certifications to be construed~~  
9 ~~in a certain manner; providing for the application of this Act;~~ making a stylistic  
10 change; altering certain definitions; making this Act an emergency measure; and  
11 generally relating to self-funded student health plans and State insurance laws.

12 BY repealing and reenacting, with amendments,  
13 Article – Insurance  
14 Section 1–202, 15–10A–01(c), and 15–10D–01(d)  
15 Annotated Code of Maryland  
16 (2011 Replacement Volume and 2015 Supplement)

17 BY repealing and reenacting, without amendments,  
18 Article – Insurance  
19 Section 15–10A–01(a) and 15–10D–01(a)  
20 Annotated Code of Maryland  
21 (2011 Replacement Volume and 2015 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 **Article – Insurance**

4 1–202.

5 **(A)** This article does not apply to:

6 (1) a fraternal benefit society, except as provided in Title 8, Subtitle 4 of  
7 this article;

8 (2) a nonprofit health service plan, except as otherwise provided in this  
9 article; [or]

10 (3) an organization that:

11 (i) is organized and operated as a nonprofit organization exclusively  
12 for the purpose of helping nonprofit educational or scientific institutions by issuing annuity  
13 contracts only to or for the benefit of those institutions or individuals serving those  
14 institutions;

15 (ii) irrevocably appoints the Commissioner as attorney to receive  
16 service of process issued against it in the State so as to bind the organization and its  
17 successors and to remain in effect as long as there is in force in the State a contract or  
18 obligation arising from it;

19 (iii) is legally organized and qualified to do business and has been  
20 actively doing business under the laws of its state of domicile for at least 10 years before  
21 July 1, 1977;

22 (iv) files with the Commissioner a copy of any contract form issued to  
23 residents of this State;

24 (v) files with the Commissioner on or before March 1 of each year:

25 1. a copy of its annual statement prepared under the laws of  
26 its state of domicile; and

27 2. any other financial material that the Commissioner  
28 requests;

29 (vi) agrees to submit to periodic examinations as the Commissioner  
30 considers necessary; and

1 (vii) pays the premium tax imposed by Title 6 of this article on all  
2 premiums allocable to this State for life insurance and health insurance in effect for  
3 residents of this State; [or]

4 (4) a voluntary noncontractual religious publication arrangement that:

5 (i) is a nonprofit religious organization for which the State may not  
6 be held in any way liable or responsible for any of its debts, claims, obligations, or liabilities;

7 (ii) publishes a newsletter whose subscribers are limited to members  
8 of the same denomination or religion;

9 (iii) acts as an organizational clearinghouse for information between  
10 subscribers who have medical costs and subscribers who choose to assist with those costs;

11 (iv) matches subscribers with a willingness to pay and subscribers  
12 with present medical costs;

13 (v) coordinates payments directly from one subscriber to another;

14 (vi) suggests amounts to give that are voluntary among the  
15 subscribers, with no assumption of risk or promise to pay either among the subscribers or  
16 between the subscribers and the organization;

17 (vii) does not use a compensated insurance producer, representative,  
18 or other person to solicit or enroll subscribers;

19 (viii) does not make a direct or indirect representation that it is  
20 operating in a financially sound manner or that it has had a successful history of meeting  
21 subscribers' medical costs;

22 (ix) provides to each subscriber a written monthly statement listing  
23 both the total dollar amount of qualified medical costs submitted for publication and the  
24 amount actually published and assigned for payment;

25 (x) does not use funds paid by subscribers for medical costs to cover  
26 administrative costs;

27 (xi) submits a registration statement, including a copy of any  
28 application forms and guidelines, promotional, or informational material distributed by or  
29 on behalf of the arrangement, to the Secretary of State in accordance with the provisions of  
30 Title 6, Subtitle 4 of the Business Regulation Article; and

31 (xii) provides the following verbatim written disclaimer as a separate  
32 cover sheet for any and all documents distributed by or on behalf of the exempt  
33 arrangement, including applications, guidelines, promotional, or informational material  
34 and all periodic publications:

1 “Notice

2 This publication is not issued by an insurance company nor is it offered through an  
 3 insurance company. It does not guarantee or promise that your medical bills will be  
 4 published or assigned to others for payment. No other subscriber will be compelled to  
 5 contribute toward the cost of your medical bills. Therefore, this publication should never be  
 6 considered a substitute for an insurance policy. This activity is not regulated by the State  
 7 Insurance Administration, and your liabilities are not covered by the Life and Health  
 8 Guaranty Fund. Whether or not you receive any payments for medical expenses and  
 9 whether or not this entity continues to operate, you are always liable for any unpaid bills.”;

10 **OR**

11 **(5) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A**  
 12 **SELF-FUNDED STUDENT HEALTH PLAN OPERATED BY AN INDEPENDENT**  
 13 **INSTITUTION OF HIGHER EDUCATION, AS DEFINED IN § 10-101 OF THE EDUCATION**  
 14 **ARTICLE, THAT PROVIDES HEALTH CARE SERVICES TO ITS STUDENTS AND THEIR**  
 15 **DEPENDENTS IF THE INSTITUTION FILES ON JULY 1 EACH YEAR, FOR THE STUDENT**  
 16 **HEALTH PLAN THAT WILL BE OFFERED TO STUDENTS FOR THE UPCOMING SCHOOL**  
 17 **YEAR, A REPORT WITH THE COMMISSIONER CERTIFYING UNDER PENALTIES OF**  
 18 **PERJURY THAT:**

19 **(I) THE STUDENT HEALTH PLAN SATISFIES ANY APPLICABLE**  
 20 **MINIMUM ESSENTIAL COVERAGE STANDARDS UNDER FEDERAL LAW;**

21 **(II) THE INSTITUTION PLEDGES ASSETS SUFFICIENT TO**  
 22 **SUPPORT THE LIABILITIES OF THE STUDENT HEALTH PLAN;**

23 **(III) THE INSTITUTION DEMONSTRATES AN ABILITY TO OPERATE**  
 24 **THE STUDENT HEALTH PLAN IN A SOUND MANNER BY HAVING OPERATED AN**  
 25 **EMPLOYER-SPONSORED PLAN, AS DEFINED IN § 15-1401 OF THIS ARTICLE, IN THE**  
 26 **PRIOR CALENDAR YEAR WITH AT LEAST 10,000 ENROLLEES, INCLUDING**  
 27 **EMPLOYEES AND THEIR DEPENDENTS; ~~AND~~**

28 **(IV) THE INSTITUTION MAINTAINS AT LEAST AN AA BOND**  
 29 **RATING BY ONE OF THE MAJOR CREDIT RATING AGENCIES; AND**

30 **(V) THE INSTITUTION OPERATES THE STUDENT HEALTH PLAN**  
 31 **IN COMPLIANCE WITH TITLE 15, SUBTITLES 10A AND 10D OF THIS ARTICLE.**

32 **(B) TITLE 15, SUBTITLES 10A AND 10D OF THIS ARTICLE APPLY TO A**  
 33 **SELF-FUNDED STUDENT HEALTH PLAN OPERATED BY AN INDEPENDENT**  
 34 **INSTITUTION OF HIGHER EDUCATION, AS DEFINED IN § 10-101 OF THE EDUCATION**  
 35 **ARTICLE, THAT PROVIDES HEALTH CARE SERVICES TO ITS STUDENTS AND THEIR**  
 36 **DEPENDENTS.**

1 15-10A-01.

2 (a) In this subtitle the following words have the meanings indicated.

3 (c) “Carrier” means a person that offers a health benefit plan and is:

4 (1) an authorized insurer that provides health insurance in the State;

5 (2) a nonprofit health service plan;

6 (3) a health maintenance organization;

7 (4) a dental plan organization; [or]

8 (5) A SELF-FUNDED STUDENT HEALTH PLAN OPERATED BY AN  
9 INDEPENDENT INSTITUTION OF HIGHER EDUCATION, AS DEFINED IN § 10-101 OF  
10 THE EDUCATION ARTICLE, THAT PROVIDES HEALTH CARE TO ITS STUDENTS AND  
11 THEIR DEPENDENTS; OR

12 [(5)](6) except for a managed care organization as defined in Title 15,  
13 Subtitle 1 of the Health – General Article, any other person that provides health benefit  
14 plans subject to regulation by the State.

15 15-10D-01.

16 (a) In this subtitle the following words have the meanings indicated.

17 (d) “Carrier” means a person that offers a health benefit plan and is:

18 (1) an authorized insurer that provides health insurance in the State;

19 (2) a nonprofit health service plan;

20 (3) a health maintenance organization;

21 (4) a dental plan organization; [or]

22 (5) A SELF-FUNDED STUDENT HEALTH PLAN OPERATED BY AN  
23 INDEPENDENT INSTITUTION OF HIGHER EDUCATION, AS DEFINED IN § 10-101 OF  
24 THE EDUCATION ARTICLE, THAT PROVIDES HEALTH CARE TO ITS STUDENTS AND  
25 THEIR DEPENDENTS; OR

26 [(5)](6) except for a managed care organization, as defined in Title 15,  
27 Subtitle 1 of the Health – General Article, any other person that offers a health benefit plan  
28 subject to regulation by the State.

1 SECTION 2. AND BE IT FURTHER ENACTED, That the first report of an  
 2 independent institution of higher education required under § 1-202(5) of the Insurance  
 3 Article, as enacted by Section 1 of this Act, shall be filed with the Maryland Insurance  
 4 Commissioner on July 1, 2016, and the certifications made in the report shall be construed  
 5 to cover the time period from July 1, ~~2015~~ 2016, through June 30, ~~2016~~ 2017.

6 ~~SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be construed to~~  
 7 ~~apply retroactively and shall be applied to and interpreted to affect any self-funded student~~  
 8 ~~health plan that is operated by an independent institution of higher education on or after~~  
 9 ~~July 1, 2015.~~

10 SECTION ~~4~~ 3. AND BE IT FURTHER ENACTED, That this Act is an emergency  
 11 measure, is necessary for the immediate preservation of the public health or safety, has  
 12 been passed by a yea and nay vote supported by three-fifths of all the members elected to  
 13 each of the two Houses of the General Assembly, and shall take effect from the date it is  
 14 enacted.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.