

SENATE BILL 919

C3

EMERGENCY BILL

6lr2461
CF 6lr3380

By: **Senator Middleton**

Introduced and read first time: February 5, 2016

Assigned to: Finance

A BILL ENTITLED

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

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

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

19 **Article – Insurance**

20 1–202.

21 This article does not apply to:

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 (3) an organization that:

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

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

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

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

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

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

20 2. any other financial material that the Commissioner
21 requests;

22 (vi) agrees to submit to periodic examinations as the Commissioner
23 considers necessary; and

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

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

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

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

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

1 (iv) matches subscribers with a willingness to pay and subscribers
2 with present medical costs;

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

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

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

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

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

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

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

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

25 "Notice

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

34 **OR**

1 **(5) A SELF-FUNDED STUDENT HEALTH PLAN OPERATED BY AN**
2 **INDEPENDENT INSTITUTION OF HIGHER EDUCATION, AS DEFINED IN § 10-101 OF**
3 **THE EDUCATION ARTICLE, THAT PROVIDES HEALTH CARE SERVICES TO ITS**
4 **STUDENTS AND THEIR DEPENDENTS IF THE INSTITUTION FILES ON JULY 1 EACH**
5 **YEAR A REPORT WITH THE COMMISSIONER CERTIFYING UNDER PENALTIES OF**
6 **PERJURY THAT:**

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

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

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

16 **(IV) THE INSTITUTION MAINTAINS AT LEAST AN AA BOND**
17 **RATING BY ONE OF THE MAJOR CREDIT RATING AGENCIES.**

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

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

27 SECTION 4. AND BE IT FURTHER ENACTED, That this Act is an emergency
28 measure, is necessary for the immediate preservation of the public health or safety, has
29 been passed by a ye and nay vote supported by three-fifths of all the members elected to
30 each of the two Houses of the General Assembly, and shall take effect from the date it is
31 enacted.