

## Chapter 305

**(House Bill 1247)**

AN ACT concerning

**Insurance – Self-Funded Student Health Plans**

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

BY repealing and reenacting, with amendments,

Article – Insurance

Section 1-202, 15-10A-01(c), and 15-10D-01(d)

Annotated Code of Maryland

(2011 Replacement Volume and 2015 Supplement)

BY repealing and reenacting, without amendments,Article – InsuranceSection 15-10A-01(a) and 15-10D-01(a)Annotated Code of Maryland(2011 Replacement Volume and 2015 Supplement)

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

**Article – Insurance**

1-202.

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

- (1) a fraternal benefit society, except as provided in Title 8, Subtitle 4 of this article;
- (2) a nonprofit health service plan, except as otherwise provided in this article; [or]
- (3) an organization that:

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

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

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

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

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

1. a copy of its annual statement prepared under the laws of its state of domicile; and
2. any other financial material that the Commissioner requests;

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

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

(4) a voluntary noncontractual religious publication arrangement that:

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

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

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

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

- (v) coordinates payments directly from one subscriber to another;
- (vi) suggests amounts to give that are voluntary among the subscribers, with no assumption of risk or promise to pay either among the subscribers or between the subscribers and the organization;
- (vii) does not use a compensated insurance producer, representative, or other person to solicit or enroll subscribers;
- (viii) does not make a direct or indirect representation that it is operating in a financially sound manner or that it has had a successful history of meeting subscribers' medical costs;
- (ix) provides to each subscriber a written monthly statement listing both the total dollar amount of qualified medical costs submitted for publication and the amount actually published and assigned for payment;
- (x) does not use funds paid by subscribers for medical costs to cover administrative costs;
- (xi) submits a registration statement, including a copy of any application forms and guidelines, promotional, or informational material distributed by or on behalf of the arrangement, to the Secretary of State in accordance with the provisions of Title 6, Subtitle 4 of the Business Regulation Article; and
- (xii) provides the following verbatim written disclaimer as a separate cover sheet for any and all documents distributed by or on behalf of the exempt arrangement, including applications, guidelines, promotional, or informational material and all periodic publications:

“Notice

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

**OR**

**(5) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A SELF-FUNDED STUDENT HEALTH PLAN OPERATED BY AN INDEPENDENT INSTITUTION OF HIGHER EDUCATION, AS DEFINED IN § 10-101 OF THE EDUCATION ARTICLE, THAT PROVIDES HEALTH CARE SERVICES TO ITS STUDENTS AND THEIR**

**DEPENDENTS IF THE INSTITUTION FILES ON JULY 1 EACH YEAR, FOR THE STUDENT HEALTH PLAN THAT WILL BE OFFERED TO STUDENTS FOR THE UPCOMING SCHOOL YEAR, A REPORT WITH THE COMMISSIONER CERTIFYING UNDER PENALTIES OF PERJURY THAT:**

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

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

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

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

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

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

15-10A-01.

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

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

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

**(2) a nonprofit health service plan;**

**(3) a health maintenance organization;**

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

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

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

15-10D-01.

- (a) In this subtitle the following words have the meanings indicated.
- (d) “Carrier” means a person that offers a health benefit plan and is:
  - (1) an authorized insurer that provides health insurance in the State;
  - (2) a nonprofit health service plan;
  - (3) a health maintenance organization;
  - (4) a dental plan organization; [or]

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

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

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

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

SECTION ~~4.~~ 3. 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 26, 2016.**