

SENATE BILL 500

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3lr1248
CF HB 604

By: **Senator West**

Introduced and read first time: February 3, 2023

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Health Benefit Plans Issued Through Professional Employer**
3 **Organizations – Exemption**

4 FOR the purpose of exempting from certain requirements relating to the offering of health
5 benefit plans to individuals and small employers in the State health benefit plans
6 issued through a professional employer organization, coemployer, or other
7 organization located in the State or another state that engages in employee leasing;
8 and generally relating to health benefit plans issued through professional employer
9 organizations, coemployers, and other organizations that engage in employee
10 leasing.

11 BY repealing and reenacting, with amendments,
12 Article – Insurance
13 Section 15–1204.1 and 15–1303
14 Annotated Code of Maryland
15 (2017 Replacement Volume and 2022 Supplement)

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

18 **Article – Insurance**

19 15–1204.1.

20 (a) **(1)** This section applies to a carrier with respect to any health benefit plan
21 that:

22 **[(1)] (I)** is not a grandfathered health plan, as defined in § 1251 of the
23 Affordable Care Act; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 [(2)] (II) is issued, delivered, or renewed in the State on or after January
2 1, 2014.

3 **(2) THIS SECTION DOES NOT APPLY TO A HEALTH BENEFIT PLAN**
4 **ISSUED THROUGH A PROFESSIONAL EMPLOYER ORGANIZATION, COEMPLOYER, OR**
5 **OTHER ORGANIZATION LOCATED IN THIS STATE OR ANOTHER STATE THAT ENGAGES**
6 **IN EMPLOYEE LEASING.**

7 (b) (1) Except as provided in this subsection and § 31–110(f) of this article, a
8 carrier may not offer health benefit plans to small employers in the State unless the carrier
9 also offers qualified health plans, as defined in § 31–101 of this article, in the Small
10 Business Health Options Program of the Maryland Health Benefit Exchange in compliance
11 with the requirements of Title 31 of this article.

12 (2) A carrier is exempt from the requirement in paragraph (1) of this
13 subsection if:

14 (i) the reported total aggregate annual earned premium from all
15 health benefit plans offered to small employers in the State for the carrier and any other
16 carriers in the same insurance holding company system, as defined in § 7–101 of this
17 article, is less than \$20,000,000;

18 (ii) the Commissioner determines that the carrier complies with the
19 procedures established under paragraph (3) of this subsection; and

20 (iii) when the carrier ceases to meet the requirements for the
21 exemption, the carrier provides to the Commissioner immediate notice and its plan for
22 complying with the requirement in paragraph (1) of this subsection.

23 (3) The Commissioner shall establish procedures for a carrier to submit
24 evidence each year that the carrier meets the requirements necessary to qualify for an
25 exemption under paragraph (2) of this subsection.

26 (4) Notwithstanding the exemption provided in paragraph (2) of this
27 subsection, the Commissioner, in consultation with the Maryland Health Benefit
28 Exchange:

29 (i) may assess the impact of the exemption provided in paragraph
30 (2) of this subsection and, based on that assessment, alter the limit on the amount of annual
31 premiums that may not be exceeded to qualify for the exemption; and

32 (ii) shall make any change in the exemption requirement by
33 regulation.

34 15–1303.

1 **(A) THIS SECTION DOES NOT APPLY TO AN INDIVIDUAL HEALTH BENEFIT**
2 **PLAN ISSUED THROUGH A PROFESSIONAL EMPLOYER ORGANIZATION,**
3 **COEMPLOYER, OR OTHER ORGANIZATION LOCATED IN THIS STATE OR ANOTHER**
4 **STATE THAT ENGAGES IN EMPLOYEE LEASING.**

5 **[(a) (B)]** In addition to any other requirements under this article, a carrier that
6 offers individual health benefit plans in the State shall:

7 (1) have demonstrated the capacity to administer the individual health
8 benefit plans, including adequate numbers and types of administrative staff;

9 (2) have a satisfactory grievance procedure and ability to respond to calls,
10 questions, and complaints from enrollees or insureds; and

11 (3) design policies to help ensure that enrollees or insureds have adequate
12 access to providers of health care.

13 **[(b) (C)]** (1) Except as provided in this subsection and § 31–110(f) of this
14 article, a carrier may not offer individual health benefit plans in the State unless the carrier
15 also offers qualified health plans, as defined in § 31–101 of this article, in the Individual
16 Exchange of the Maryland Health Benefit Exchange in compliance with the requirements
17 of Title 31 of this article.

18 (2) A carrier is exempt from the requirement in paragraph (1) of this
19 subsection if:

20 (i) 1. the reported total aggregate annual earned premium from
21 all individual health benefit plans in the State for the carrier and any other carriers in the
22 same insurance holding company system, as defined in § 7–101 of this article, is less than
23 \$10,000,000; or

24 2. the only individual health benefit plans that the carrier
25 offers in the State are student health plans as defined in 45 C.F.R. § 147.145;

26 (ii) the Commissioner determines that the carrier complies with the
27 procedures established under paragraph (3) of this subsection; and

28 (iii) when the carrier ceases to meet the requirements for the
29 exemption, the carrier provides to the Commissioner immediate notice and its plan for
30 complying with the requirement in paragraph (1) of this subsection.

31 (3) The Commissioner shall establish procedures for a carrier to submit
32 evidence each year that the carrier meets the requirements necessary to qualify for an
33 exemption under paragraph (2) of this subsection.

1 (4) Notwithstanding the exemption provided in paragraph (2) of this
2 subsection, any carrier that offers a catastrophic plan, as defined by the Affordable Care
3 Act, in the State also must offer at least one catastrophic plan in the Maryland Health
4 Benefit Exchange.

5 (5) Notwithstanding the exemption provided in paragraph (2) of this
6 subsection, the Commissioner, in consultation with the Maryland Health Benefit
7 Exchange:

8 (i) may assess the impact of the exemption provided in paragraph
9 (2) of this subsection and, based on that assessment, alter the limit on the amount of annual
10 premiums that may not be exceeded to qualify for the exemption; and

11 (ii) shall make any change in the exemption requirement by
12 regulation.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
14 policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or
15 after January 1, 2024.

16 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 January 1, 2024.