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**By: Delegates Goldwater, Doory, Eckardt, Grosfeld, Harrison, Kopp, Love, Mandel, McIntosh, Menes, Parker, Pitkin, Snodgrass, Workman, Walkup, Pendergrass, Preis, Hecht, Petzold, Kirk, Frush, Donoghue, Nathan-Pulliam, and Barve**

Introduced and read first time: January 18, 1996

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurers and Health Maintenance Organizations - Provision of Sample Policies**  
3 **and Copies of Premium Rates**

4 FOR the purpose of requiring a health insurer, health maintenance organization, and  
5 certain other persons to provide on request to certain persons a sample copy of the  
6 health insurer's or health maintenance organization's policy, contract, or certificate  
7 for a health insurance product offered by the health insurer or health maintenance  
8 organization and a copy of the health insurer's or health maintenance organization's  
9 premium rates for health insurance products offered by the health insurer or health  
10 maintenance organization.

11 BY adding to

12 Article 48A - Insurance Code  
13 Section 490FF  
14 Annotated Code of Maryland  
15 (1994 Replacement Volume and 1995 Supplement)

16 BY repealing and reenacting, with amendments,

17 Article 48A - Insurance Code  
18 Section 703  
19 Annotated Code of Maryland  
20 (1994 Replacement Volume and 1995 Supplement)  
21 (As enacted by Section 2 of Chapter 9 of the Acts of the General Assembly of 1993)

22 BY repealing and reenacting, with amendments,

23 Article 48A - Insurance Code  
24 Section 703  
25 Annotated Code of Maryland  
26 (1994 Replacement Volume and 1995 Supplement)  
27 (As enacted by Section 3 of Chapter 9 of the Acts of the General Assembly of 1993)

28 BY repealing and reenacting, with amendments,

29 Article - Health - General

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1 Section 19-716  
2 Annotated Code of Maryland  
3 (1990 Replacement Volume and 1995 Supplement)

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

6 **Article 48A - Insurance Code**

7 490FF.

8 AN INSURER, INCLUDING A PERSON REGISTERED AS AN ADMINISTRATOR  
9 UNDER THIS ARTICLE, OR NONPROFIT HEALTH SERVICE PLAN THAT PROVIDES  
10 HOSPITAL, MEDICAL, OR SURGICAL BENEFITS FOR ISSUANCE OR DELIVERY IN THE  
11 STATE TO ANY GROUP OR INDIVIDUAL ON AN EXPENSE-INCURRED BASIS SHALL  
12 PROVIDE ON REQUEST TO THE GENERAL PUBLIC:

13 (1) A SAMPLE COPY OF THE INSURER'S OR NONPROFIT HEALTH  
14 SERVICE PLAN'S POLICY OR CERTIFICATE FOR A HEALTH INSURANCE PRODUCT  
15 OFFERED BY THE INSURER OR NONPROFIT HEALTH SERVICE PLAN; AND

16 (2) A COPY OF THE INSURER'S OR NONPROFIT HEALTH SERVICE PLAN'S  
17 PREMIUM RATES FOR ALL HEALTH INSURANCE PRODUCTS OFFERED BY THE  
18 INSURER OR HEALTH SERVICE PLAN.

19 703.

20 (a) A carrier shall apply all risk adjustment factors under § 702 of this subtitle  
21 consistently with respect to all health benefit plans issued, delivered, or renewed in the  
22 State.

23 (b) (1) A carrier may not arbitrarily transfer a small employer involuntarily into  
24 or out of a health benefit plan.

25 (2) A carrier may not offer to transfer a small employer into or out of a  
26 health benefit plan unless the offer to transfer is made to all small employers with similar  
27 risk adjustment factors.

28 (c) A carrier shall make a reasonable disclosure in its solicitation and sales  
29 materials of:

30 (1) The provisions concerning the carrier's right to change premium rates,  
31 including any factors that may affect the changes in premium rates;

32 (2) The provisions relating to renewability of policies and contracts;

33 (3) The provisions relating to any preexisting condition provision; and

34 (4) The provisions of § 704 of this subtitle which:

35 (i) Require an employer to make dependent coverage available to  
36 eligible employees; but

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1 (ii) Do not require an employer to make a contribution to the  
2 premium payments for that dependent coverage.

3 (D) A CARRIER SHALL PROVIDE ON REQUEST TO A SMALL EMPLOYER AND  
4 THE GENERAL PUBLIC:

5 (1) A SAMPLE COPY OF THE CARRIER'S POLICY OR CONTRACT FOR A  
6 HEALTH INSURANCE PRODUCT OFFERED BY THE CARRIER; AND

7 (2) A COPY OF THE CARRIER'S SMALL GROUP MARKET PREMIUM RATES  
8 FOR ALL HEALTH INSURANCE PRODUCTS OFFERED BY THE CARRIER.

9 [(d)] (E) (1) A carrier shall base its rating methods and practices on:

10 (i) Commonly accepted actuarial assumptions; and

11 (ii) Sound actuarial principles.

12 (2) Subject to the approval of the Commissioner and as provided under §  
13 704(a)(3) of this subtitle, a carrier may impose reasonable minimum participation  
14 requirements.

15 [(e)] (F) To indicate compliance with subsections (c) and [(d)] (E) of this section,  
16 a carrier shall maintain information and documentation that is satisfactory to the  
17 Commissioner.

18 [(f)] (G) (1) On or before March 15 of each year, a carrier shall file an actuarial  
19 certification with the Commissioner that it has followed the rating practices imposed  
20 under § 702 of this subtitle.

21 (2) The certification shall be based on an examination that includes a review  
22 of:

23 (i) Appropriate records; and

24 (ii) Actuarial assumptions and methods used by the carrier.

25 [(g)] (H) A carrier shall:

26 (1) Retain all documents and certifications required under this subtitle at its  
27 principal place of business for a period of 5 years; and

28 (2) Make the information and documentation available to the Commissioner  
29 on request.

30 **Article - Health - General**

31 19-716.

32 (A) Annually, each health maintenance organization shall provide to its members  
33 and make available to the general public, in clear, readable, and concise form:

34 (1) A summary of the most recent financial report that the health  
35 maintenance organization submits to the Commissioner under § 19-717 of this subtitle;

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1 (2) A description of the benefit packages available and the nongroup rates  
2 required by the Commissioner;

3 (3) A description of the accessibility and availability of services, including  
4 where and how to obtain them;

5 (4) A statement that shows, by category, the percentage of members assisted  
6 by public funds;

7 (5) The information required to be disclosed by Article 48A, § 703(c) of the  
8 Code; and

9 (6) Any other information that the Commissioner or the Department  
10 requires by rule or regulation.

11 (B) A HEALTH MAINTENANCE ORGANIZATION SHALL PROVIDE ON REQUEST  
12 TO THE GENERAL PUBLIC:

13 (1) A SAMPLE COPY OF THE HEALTH MAINTENANCE ORGANIZATION'S  
14 CONTRACT FOR A HEALTH INSURANCE PRODUCT OFFERED BY THE HEALTH  
15 MAINTENANCE ORGANIZATION; AND

16 (2) A COPY OF THE HEALTH MAINTENANCE ORGANIZATION'S PREMIUM  
17 RATES FOR ALL HEALTH INSURANCE PRODUCTS OFFERED BY THE HEALTH  
18 MAINTENANCE ORGANIZATION.

19 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
20 read as follows:

21 **Article 48A - Insurance Code**

22 703.

23 (a) A carrier shall apply all risk adjustment factors under § 702 of this subtitle  
24 consistently with respect to all health benefit plans issued, delivered, or renewed in the  
25 State.

26 (b) (1) A carrier may not arbitrarily transfer a group or individual involuntarily  
27 into or out of a health benefit plan.

28 (2) A carrier may not offer to transfer a group or individual into or out of a  
29 health benefit plan unless the offer to transfer is made to all individuals or groups with  
30 similar risk adjustment factors.

31 (c) A carrier shall make a reasonable disclosure in its solicitation and sales  
32 materials of:

33 (1) The provisions concerning the carrier's right to change premium rates,  
34 including any factors that may affect the changes in premium rates;

35 (2) The provisions relating to renewability of policies and contracts;

36 (3) The provisions relating to any preexisting condition provision; and

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1 (4) The provisions of § 704 of this subtitle which require an employer to  
2 make dependent coverage available to employees without requiring an employer to make  
3 a contribution to the premium payments for that dependent coverage.

4 (D) A CARRIER SHALL PROVIDE ON REQUEST TO AN EMPLOYER AND THE  
5 GENERAL PUBLIC:

6 (1) A SAMPLE COPY OF THE CARRIER'S POLICY OR CONTRACT FOR A  
7 HEALTH INSURANCE PRODUCT OFFERED BY THE CARRIER; AND

8 (2) A COPY OF THE CARRIER'S PREMIUM RATES FOR ALL HEALTH  
9 INSURANCE PRODUCTS OFFERED BY THE CARRIER.

10 [(d)] (E) (1) A carrier shall base its rating methods and practices on:

11 (i) Commonly accepted actuarial assumptions; and

12 (ii) Sound actuarial principles.

13 (2) Subject to the approval of the Commissioner and as provided under §  
14 704(a)(3) of this subtitle, a carrier may impose reasonable minimum participation  
15 requirements.

16 [(e)] (F) To indicate compliance with subsections (c) and [(d)] (E) of this  
17 section, a carrier shall maintain information and documentation that is satisfactory to the  
18 Commissioner.

19 [(f)] (G) (1) On or before March 15 of each year, a carrier shall file an actuarial  
20 certification with the Commissioner that it has followed the rating practices imposed  
21 under § 702 of this subtitle.

22 (2) The certification shall be based on an examination that includes a review  
23 of:

24 (i) Appropriate records; and

25 (ii) Actuarial assumptions and methods used by the carrier.

26 [(g)] (H) A carrier shall:

27 (1) Retain all documents and certifications required under this subtitle at its  
28 principal place of business for a period of 5 years; and

29 (2) Make the information and documentation available to the Commissioner  
30 on request.

31 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act is  
32 contingent on the taking effect of the contingency provisions specified in Sections 5 and 7  
33 of Chapter 9 of the Acts of the General Assembly of 1993. If either of those contingency  
34 provisions in Chapter 9 takes effect, Article 48A, § 703 of the Code, as amended in  
35 Section 1 of this Act, shall be void. This Act may not be interpreted to have any effect on  
36 those contingency provisions.

1           SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 October 1, 1996.