

HOUSE BILL 1086

Unofficial Copy  
C3

1999 Regular Session  
(9lr2372)

*ENROLLED BILL*  
*-- Economic Matters/Finance --*

Introduced by ~~Delegate Busch~~ Delegates Busch, Donoghue, Love, Mitchell, McHale, Eckardt, Goldwater, Barve, Krysiak, Harrison, Kirk, Hill, Brown, Moe, and Fulton

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Stop-Loss Insurance Policies ~~Small Employer Groups~~**

3 FOR the purpose of providing that a stop-loss insurance policy or contract delivered  
4 or issued for delivery in Maryland ~~to small employer groups~~ may not have  
5 attachment points below certain amounts; and generally relating to the  
6 regulation of stop-loss insurance policies and contracts.

7 BY adding to  
8 Article - Insurance  
9 Section 15-126  
10 Annotated Code of Maryland  
11 (1997 Volume and 1998 Supplement)

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

1 **Article - Insurance**

2 15-126.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
4 INDICATED.5 (2) "AGGREGATE ATTACHMENT POINT" MEANS THE PERCENTAGE OF  
6 EXPECTED CLAIMS ~~FOR ALL BENEFICIARIES~~ IN A POLICY YEAR ABOVE WHICH THE  
7 STOP-LOSS INSURER ASSUMES ALL OR PART OF THE LIABILITY FOR ~~BENEFITS~~  
8 ~~PAYABLE BY THE HEALTH PLAN.~~9 (3) ~~"BENEFICIARY" MEANS AN INDIVIDUAL ENTITLED TO BENEFITS~~  
10 ~~UNDER A HEALTH PLAN~~ LOSSES INCURRED BY THE INSURED.11 (4) "EXPECTED CLAIMS" MEANS THE AMOUNT OF CLAIMS THAT, IN THE  
12 ABSENCE OF STOP-LOSS INSURANCE, ARE PROJECTED TO BE INCURRED BY THE  
13 INSURED HEALTH PLAN USING REASONABLE AND ACCEPTED ACTUARIAL  
14 PRINCIPLES.15 (5) ~~"HEALTH PLAN" MEANS AN EMPLOYEE BENEFIT PLAN THAT~~  
16 ~~PROVIDES MEDICAL CARE TO EMPLOYEES OR THEIR DEPENDENTS.~~17 (6) ~~"SMALL EMPLOYER" HAS THE MEANING STATED IN § 15-1201(M) OF~~  
18 ~~THIS TITLE.~~19 (7) (5) "SPECIFIC ATTACHMENT POINT" MEANS THE DOLLAR AMOUNT  
20 ~~FOR A~~ IN LOSSES ATTRIBUTABLE TO A SINGLE INDIVIDUAL BENEFICIARY SINGLE  
21 LOSS IN A POLICY YEAR ABOVE BEYOND WHICH THE STOP-LOSS INSURER ASSUMES  
22 ALL OR PART OF THE LIABILITY FOR ~~BENEFITS PAYABLE~~ LOSSES INCURRED BY THE  
23 ~~HEALTH PLAN~~ INSURED.24 (8) (6) "STOP-LOSS INSURANCE" MEANS INSURANCE ~~PROVIDED TO AN~~  
25 ~~EMPLOYER, OR TRUSTEE OR ASSOCIATION ON BEHALF OF AN EMPLOYER, AGAINST~~  
26 ~~LIABILITY FOR BENEFITS PAYABLE BY A HEALTH PLAN~~ THAT IS PURCHASED BY A  
27 PERSON, OTHER THAN A HEALTH CARE PROVIDER, TO PROTECT THE PERSON  
28 AGAINST CATASTROPHIC, EXCESS, OR UNEXPECTED LOSSES SUSTAINED BY THE  
29 PERSON.30 (B) THIS SECTION APPLIES TO EACH STOP-LOSS INSURANCE POLICY OR  
31 CONTRACT THAT IS DELIVERED OR ISSUED FOR DELIVERY IN THE STATE ~~TO A SMALL~~  
32 ~~EMPLOYER.~~33 (C) AN INSURER MAY NOT ISSUE, DELIVER, OR OFFER A POLICY OR CONTRACT  
34 SUBJECT TO THIS SECTION MAY NOT HAVE OF STOP-LOSS INSURANCE, IF THE  
35 POLICY HAS:

36 (1) A SPECIFIC ATTACHMENT POINT OF LESS THAN \$10,000; OR

1 (2) AN AGGREGATE ATTACHMENT POINT OF LESS THAN 115% OF  
2 EXPECTED CLAIMS.

3 (D) AN INSURER WHO OFFERS OR ISSUES A STOP-LOSS INSURANCE POLICY  
4 THAT DOES NOT MEET THE REQUIREMENTS OF THIS SECTION SHALL BE SUBJECT TO  
5 THE SANCTIONS SET FORTH IN § 4-113 OF THIS ARTICLE FOR AUTHORIZED INSURERS  
6 AND § 4-212 OF THIS ARTICLE FOR UNAUTHORIZED INSURERS.

7 (E) NOTHING IN THIS SECTION SHALL BE CONSTRUED AS:

8 (1) IMPOSING ANY REQUIREMENT OR DUTY ON ANY PERSON OTHER  
9 THAN AN INSURER; OR

10 (2) TREATING ANY STOP-LOSS POLICY AS A DIRECT POLICY OF HEALTH  
11 INSURANCE.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 June 1, 1999.