
By: **Senator Astle**

Introduced and read first time: January 30, 2002

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Small Employer Groups - Health Benefit Plans**

3 FOR the purpose of providing that a group health insurance policy may be issued to
4 certain professional employer organizations, coemployers, and other
5 organizations engaged in employee leasing under certain circumstances;
6 altering the definition of health benefit plan under the Maryland Health
7 Insurance Reform Act to allow certain policies or certificates to be issued to
8 certain professional employer organizations, coemployers, or other organizations
9 engaged in employee leasing; altering the definition of small employer under the
10 Maryland Health Insurance Reform Act to exclude entities that participate in a
11 health benefit plan issued to certain professional employer organizations,
12 coemployers, and other organizations engaged in employee leasing under certain
13 circumstances; and generally relating to health benefit plans for small employer
14 groups.

15 BY repealing and reenacting, with amendments,
16 Article - Insurance
17 Section 15-302(f) and 15-1201(f)(2) and (n)
18 Annotated Code of Maryland
19 (1997 Volume and 2001 Supplement)

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

22 **Article - Insurance**

23 15-302.

24 (f) A policy of group health insurance may be issued to cover any other
25 substantially similar group that, in the discretion of the Commissioner, may be
26 eligible for group health insurance, INCLUDING A POLICY OF GROUP HEALTH
27 INSURANCE THAT IS ISSUED TO A PROFESSIONAL EMPLOYER ORGANIZATION,
28 COEMPLOYER, OR OTHER ORGANIZATION ENGAGED IN EMPLOYEE LEASING AND
29 THAT COVERS ENTITIES DESCRIBED IN § 15-1201(N)(2) OF THIS TITLE.

1 15-1201.

2 (f) (2) "Health benefit plan" includes a policy or certificate for hospital or
3 medical benefits that covers residents of this State who are eligible employees and
4 that is issued [through]:

5 (i) THROUGH a multiple employer trust or association located in
6 this State or another state; or

7 (ii) TO a professional employer organization, coemployer, or other
8 organization located in this State or another state that engages in employee leasing.

9 (n) (1) "Small employer" means:

10 [(1)] (I) an employer described in § 15-1203 of this subtitle; or

11 [(2)] (II) an entity that leases employees from a professional employer
12 organization, coemployer, or other organization engaged in employee leasing and that
13 otherwise meets the description of §15-1203 of this subtitle.

14 (2) "SMALL EMPLOYER" DOES NOT INCLUDE AN ENTITY DESCRIBED IN
15 PARAGRAPH (1)(II) OF THIS SUBSECTION THAT PARTICIPATES IN A HEALTH BENEFIT
16 PLAN ISSUED TO THE PROFESSIONAL EMPLOYER ORGANIZATION, COEMPLOYER, OR
17 OTHER ORGANIZATION ENGAGED IN EMPLOYEE LEASING FROM WHICH THE ENTITY
18 LEASES EMPLOYEES, IF:

19 (I) THE HEALTH BENEFIT PLAN IS ISSUED BY A CARRIER AS A
20 FULLY INSURED PLAN;

21 (II) THE HEALTH BENEFIT PLAN COMPLIES WITH ALL PROVISIONS
22 OF STATE LAW RELATING TO LARGE GROUP HEALTH PLANS; AND

23 (III) THE PROFESSIONAL EMPLOYER ORGANIZATION, COEMPLOYER,
24 OR OTHER ORGANIZATION DOES NOT USE THE HEALTH STATUS OF ONE OR MORE
25 INDIVIDUALS OR DEPENDENTS AS A FACTOR FOR DETERMINING ELIGIBILITY OF THE
26 ENTITY TO PARTICIPATE IN THE HEALTH BENEFIT PLAN.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 June 1, 2002.