
By: **Delegates Gordon and Krysiak**

Introduced and read first time: February 11, 2005

Assigned to: Economic Matters and Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Rate Filings - Prior Approval**

3 FOR the purpose of requiring a health maintenance organization to file with the
4 Maryland Insurance Commissioner, for approval prior to their use, the rates the
5 health maintenance organization charges subscribers or groups of subscribers;
6 requiring certain insurers to file with the Commissioner, for approval prior to
7 their use, all rates and supplementary rate information and all modifications of
8 rates and supplementary rate information; requiring certain authorized
9 insurers and rating organizations to file with the Commissioner, for approval
10 prior to their use, all rates and supplementary rate information and all changes
11 and amendments of rates and supplementary rate information; requiring
12 certain filings to state their proposed effective date; requiring health insurers to
13 file with the Commissioner, for approval prior to their use, the rates the health
14 insurer charges insureds and enrollees; requiring a health insurer to file with
15 the Commissioner, for approval prior to its use, a change in the rate charged by
16 a health insurer; requiring a life insurer to file with the Commissioner, for
17 approval prior to their use, the rates the life insurer charges insureds and
18 policyholders; providing for the application of this Act; and generally relating to
19 insurance rate filings.

20 BY repealing and reenacting, with amendments,
21 Article - Health - General
22 Section 19-713(a)
23 Annotated Code of Maryland
24 (2000 Replacement Volume and 2004 Supplement)

25 BY repealing and reenacting, without amendments,
26 Article - Health - General
27 Section 19-713(b) and (c)
28 Annotated Code of Maryland
29 (2000 Replacement Volume and 2004 Supplement)

30 BY repealing and reenacting, with amendments,
31 Article - Insurance

1 Section 11-206(a), 11-307(a), and 12-203(a) and (b)
2 Annotated Code of Maryland
3 (2003 Replacement Volume and 2004 Supplement)

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

6 **Article - Health - General**

7 19-713.

8 (a) Each health maintenance organization shall file with the Commissioner
9 and pay the applicable filing fee as provided in § 2-112 of the Insurance Article[,
10 before they become effective]:

11 (1) [All] FOR APPROVAL PRIOR TO THEIR USE, THE rates that the health
12 maintenance organization charges subscribers or groups of subscribers; and

13 (2) [The] BEFORE THEY BECOME EFFECTIVE, THE form and content of
14 each contract between the health maintenance organization and its subscribers or
15 groups of subscribers.

16 (b) (1) Rates of a health maintenance organization may not be excessive,
17 inadequate, or unfairly discriminatory in relation to the services offered.

18 (2) A health maintenance organization that includes a subrogation
19 provision in its contract as authorized under § 19-713.1(d) of this subtitle shall:

20 (i) Use in its rating methodology an adjustment that reflects the
21 subrogation; and

22 (ii) Identify in its rate filing with the Maryland Insurance
23 Administration, and annually in a form approved by the Insurance Commissioner, all
24 amounts recovered through subrogation.

25 (c) (1) If, at any time, a health maintenance organization wishes to amend
26 any contract with its subscribers or change any rate charged, the health maintenance
27 organization shall file with the Commissioner the number of copies of the amendment
28 or rate change that the Commissioner requires.

29 (2) The Commissioner shall provide the Department with the number of
30 copies it requires.

31 **Article - Insurance**

32 11-206.

33 (a) (1) (I) Except as otherwise provided in this section, each insurer shall
34 file with the Commissioner all [rates, supplementary rate information, policy forms,]
35 POLICY FORMS and endorsements and all modifications of [rates, supplementary rate

1 information, policy forms,] POLICY FORMS and endorsements that the insurer
2 proposes to use.

3 (II) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, EACH
4 INSURER SHALL FILE WITH THE COMMISSIONER, FOR APPROVAL PRIOR TO THEIR
5 USE, ALL RATES AND SUPPLEMENTARY RATE INFORMATION AND ALL
6 MODIFICATIONS OF RATES AND SUPPLEMENTARY RATE INFORMATION.

7 (2) Each filing shall state its proposed effective date and shall indicate
8 the character and extent of the coverage contemplated.

9 11-307.

10 (a) (1) (I) Except as otherwise provided in this subsection, each
11 authorized insurer and each rating organization that has been designated by an
12 insurer for the filing of rates under subsection (b) of this section shall file with the
13 Commissioner, FOR APPROVAL PRIOR TO THEIR USE, all rates and supplementary
14 rate information and all changes and amendments of rates and supplementary
15 information made by it for use in the State[on or before the date they become
16 effective].

17 (II) EACH FILING SHALL STATE ITS PROPOSED EFFECTIVE DATE.

18 (2) Rates and supplementary rate information need not be filed for
19 inland marine risks that by general custom are not written according to manual rules
20 or rating plans.

21 12-203.

22 (a) (1) This section applies to a RATE FOR A LIFE INSURANCE OR HEALTH
23 INSURANCE POLICY AND A form for a life insurance or health insurance policy, an
24 annuity contract, an application for that policy or contract that is required to be
25 written, a rider, or an endorsement that:

26 (i) is delivered or issued for delivery in the State; or

27 (ii) is used by domestic insurers for delivery in a jurisdiction
28 outside the State, if:

29 1. the insurance supervisory official of the jurisdiction
30 informs the Commissioner that the form is not subject to approval or disapproval by
31 the official; and

32 2. the Commissioner requires the form to be submitted to the
33 Commissioner for approval.

34 (2) This section does not apply to unique riders, endorsements, or forms
35 that are:

1 (i) designed for and relate to the manner of distribution of benefits
2 or to the reservation of rights and benefits under life insurance or health insurance
3 policies or annuity contracts; and

4 (ii) used at the request of the individual policyholder, contract
5 holder, or certificate holder.

6 (b) (1) A form subject to this section may not be delivered or issued for
7 delivery in the State, unless the form has been filed with and approved by the
8 Commissioner.

9 (2) An individual certificate may not be used in connection with a group
10 or blanket insurance policy or group annuity contract unless the form for the
11 certificate has been filed with and approved by the Commissioner.

12 (3) (I) A HEALTH INSURER SHALL FILE WITH THE COMMISSIONER,
13 FOR APPROVAL PRIOR TO THEIR USE, THE RATES THAT THE HEALTH INSURER
14 CHARGES INSURED AND ENROLLEES AND GROUPS OF INSURED AND ENROLLEES.

15 (II) IF AT ANY TIME, A HEALTH INSURER WISHES TO CHANGE A
16 RATE CHARGED, THE HEALTH INSURER SHALL FILE WITH THE COMMISSIONER, FOR
17 APPROVAL PRIOR TO ITS USE, THE RATE CHANGE ON A FORM THAT THE
18 COMMISSIONER REQUIRES.

19 (4) A LIFE INSURER SHALL FILE WITH THE COMMISSIONER, FOR
20 APPROVAL PRIOR TO THEIR USE, THE RATES THAT THE LIFE INSURER CHARGES
21 INSURED AND POLICYHOLDERS AND GROUPS OF INSURED AND POLICYHOLDERS.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
23 insurance rate filings submitted to the Maryland Insurance Commissioner on or after
24 the effective date of this Act.

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2005.