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By: **Delegates Boschert, Burns, Conroy, Edwards, Frush, Gilleland,  
Minnick, Sophocleus, and Sossi**

Introduced and read first time: January 19, 2006

Assigned to: Health and Government Operations

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Maryland Association Health Plan Act**

3 FOR the purpose of authorizing an Association Health Benefit Plan as a health  
4 benefit plan for the association market; specifying the persons to which an  
5 association or a consortium of associations may offer an Association Health  
6 Benefit Plan; establishing certain requirements that a health insurance carrier  
7 must meet before the carrier may sell an Association Health Benefit Plan;  
8 authorizing an Association Health Benefit Plan to exclude certain health care  
9 services, benefits, coverages, or reimbursements; requiring an Association  
10 Health Benefit Plan to include certain benefits; prohibiting a carrier from  
11 limiting coverage for a preexisting condition and from applying an exclusion of  
12 coverage for preexisting conditions to certain health care services; authorizing a  
13 certain exception; authorizing certain deductibles and cost sharing to exceed  
14 certain standard amounts, under certain circumstances; providing that certain  
15 requirements and limitations do not apply to an Association Health Benefit  
16 Plan; requiring a carrier to use a certain methodology in establishing a rate for  
17 an Association Health Benefit Plan; specifying certain risk adjustment factors  
18 and the manner in which they must be applied; requiring a carrier to file an  
19 actuarial certification with the Maryland Insurance Commissioner on or before  
20 a certain date each year, in a certain form, and based on a certain examination;  
21 requiring an Association Health Benefit Plan to reimburse hospitals in  
22 accordance with certain rates; providing that the provisions of the Maryland  
23 Association Health Plan Act apply to health maintenance organizations;  
24 establishing a certain short title; defining certain terms; and generally relating  
25 to an Association Health Benefit Plan.

26 BY adding to

27 Article - Health - General

28 Section 19-706(ggg)

29 Annotated Code of Maryland

30 (2005 Replacement Volume and 2005 Supplement)

31 BY adding to

32 Article - Insurance

1 Section 15-1701 through 15-1710, inclusive, to be under the new subtitle  
2 "Subtitle 17. Maryland Association Health Plan Act"  
3 Annotated Code of Maryland  
4 (2002 Replacement Volume and 2005 Supplement)

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

7 **Article - Health - General**

8 19-706.

9 (GGG) THE PROVISIONS OF TITLE 15, SUBTITLE 17 OF THE INSURANCE ARTICLE  
10 APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.

11 **Article - Insurance**

12 SUBTITLE 17. MARYLAND ASSOCIATION HEALTH PLAN ACT.

13 15-1701.

14 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
15 INDICATED.

16 (B) "ASSOCIATION" MEANS AN ASSOCIATION THAT:

17 (1) HAS BEEN ACTIVELY IN EXISTENCE FOR AT LEAST 3 YEARS;

18 (2) HAS BEEN FORMED AND MAINTAINED IN GOOD FAITH FOR  
19 PURPOSES OTHER THAN OBTAINING INSURANCE;

20 (3) DOES NOT CONDITION MEMBERSHIP IN THE ASSOCIATION ON THE  
21 PURCHASE OF ASSOCIATION-SPONSORED INSURANCE;

22 (4) DOES NOT CONDITION MEMBERSHIP IN THE ASSOCIATION ON ANY  
23 HEALTH STATUS-RELATED FACTOR RELATING TO AN INDIVIDUAL AND STATES THIS  
24 CLEARLY IN ALL MEMBERSHIP AND APPLICATION MATERIALS;

25 (5) MAKES HEALTH INSURANCE COVERAGE OFFERED THROUGH THE  
26 ASSOCIATION AVAILABLE TO ALL MEMBERS REGARDLESS OF ANY HEALTH  
27 STATUS-RELATED FACTOR RELATING TO THE MEMBERS OR INDIVIDUALS ELIGIBLE  
28 FOR COVERAGE THROUGH A MEMBER AND STATES THIS CLEARLY IN ALL  
29 MEMBERSHIP AND APPLICATION MATERIALS;

30 (6) DOES NOT MAKE HEALTH INSURANCE COVERAGE OFFERED  
31 THROUGH THE ASSOCIATION AVAILABLE OTHER THAN IN CONNECTION WITH  
32 MEMBERSHIP IN THE ASSOCIATION AND STATES THIS CLEARLY IN ALL MARKETING  
33 AND APPLICATION MATERIALS; AND

1 (7) (I) HAS AN AFFILIATION WITH A PROFESSION, INDUSTRY, OR  
2 TRADE;

3 (II) IS A CHAMBER OF COMMERCE OR SMALL BUSINESS  
4 ASSOCIATION; OR

5 (III) IS AN ASSOCIATION OF NONPROFIT ENTITIES.

6 (C) "ASSOCIATION HEALTH BENEFIT PLAN" MEANS A HEALTH BENEFIT PLAN  
7 OFFERED BY A CARRIER IN THE ASSOCIATION MARKET IN ACCORDANCE WITH THIS  
8 SUBTITLE.

9 (D) "CARRIER" MEANS A PERSON THAT IS:

10 (1) AN AUTHORIZED INSURER THAT PROVIDES HEALTH INSURANCE IN  
11 THE STATE;

12 (2) A NONPROFIT HEALTH SERVICE PLAN THAT IS LICENSED TO  
13 OPERATE IN THE STATE;

14 (3) A HEALTH MAINTENANCE ORGANIZATION THAT IS LICENSED TO  
15 OPERATE IN THE STATE; OR

16 (4) ANY OTHER PERSON OR ORGANIZATION THAT PROVIDES HEALTH  
17 BENEFIT PLANS SUBJECT TO STATE INSURANCE REGULATION.

18 (E) "EMPLOYER" MEANS AN EMPLOYER THAT:

19 (1) IS A MEMBER OF THE ASSOCIATION; OR

20 (2) HAS A PARTNER, OFFICER, OR DIRECTOR THAT IS:

21 (I) AN INDIVIDUAL MEMBER OF THE ASSOCIATION; AND

22 (II) AN ACTIVE PARTICIPANT IN THE EMPLOYER'S BUSINESS.

23 (F) (1) "HEALTH BENEFIT PLAN" MEANS:

24 (I) A POLICY OR CERTIFICATE FOR HOSPITAL OR MEDICAL  
25 BENEFITS;

26 (II) A NONPROFIT HEALTH SERVICE PLAN;

27 (III) A HEALTH MAINTENANCE ORGANIZATION SUBSCRIBER OR  
28 GROUP MASTER CONTRACT; OR

29 (IV) FIXED INDEMNITY INSURANCE.

30 (2) "HEALTH BENEFIT PLAN" DOES NOT INCLUDE:

31 (I) ACCIDENT-ONLY INSURANCE;

- 1 (II) CREDIT HEALTH INSURANCE;
- 2 (III) MEDICARE SUPPLEMENT POLICIES;
- 3 (IV) CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE
- 4 UNIFORMED SERVICES (CHAMPUS) SUPPLEMENT POLICIES;
- 5 (V) LONG-TERM CARE INSURANCE;
- 6 (VI) DISABILITY INCOME INSURANCE;
- 7 (VII) COVERAGE ISSUED AS A SUPPLEMENT TO LIABILITY
- 8 INSURANCE;
- 9 (VIII) WORKERS' COMPENSATION OR SIMILAR INSURANCE; OR
- 10 (IX) AUTOMOBILE MEDICAL PAYMENT INSURANCE.

11 (G) "HEALTH STATUS-RELATED FACTOR" MEANS A FACTOR RELATED TO:

- 12 (1) HEALTH STATUS;
- 13 (2) MEDICAL CONDITION;
- 14 (3) CLAIMS EXPERIENCE;
- 15 (4) RECEIPT OF HEALTH CARE;
- 16 (5) MEDICAL HISTORY;
- 17 (6) GENETIC INFORMATION;
- 18 (7) EVIDENCE OF INSURABILITY INCLUDING CONDITIONS ARISING OUT
- 19 OF ACTS OF DOMESTIC VIOLENCE; OR
- 20 (8) DISABILITY.

21 (H) "LATE ENROLLEE" MEANS AN INDIVIDUAL ELIGIBLE FOR COVERAGE

22 UNDER § 15-1702 OF THIS SUBTITLE WHO REQUESTS ENROLLMENT IN AN

23 ASSOCIATION HEALTH BENEFIT PLAN AFTER THE INITIAL ENROLLMENT PERIOD

24 PROVIDED UNDER THE ASSOCIATION HEALTH BENEFIT PLAN.

25 (I) "MEMBER" MEANS A PERSON THAT HAS QUALIFIED AND BEEN ACCEPTED

26 FOR MEMBERSHIP IN AN ASSOCIATION IN ACCORDANCE WITH THE ASSOCIATION'S

27 GOVERNING DOCUMENTS.

28 15-1702.

29 AN ASSOCIATION OR A CONSORTIUM OF ASSOCIATIONS MAY OFFER THE

30 ASSOCIATION HEALTH BENEFIT PLAN ONLY TO A PERSON THAT IS:

- 1 (1) AN EMPLOYEE OF THE ASSOCIATION;
- 2 (2) A MEMBER;
- 3 (3) AN ACTIVE OR RETIRED PARTNER, OFFICER, DIRECTOR, OR  
4 EMPLOYEE OF A PARTICIPATING EMPLOYER; OR
- 5 (4) A DEPENDENT OF AN INDIVIDUAL DESCRIBED IN ITEM (1), (2), OR (3)  
6 OF THIS SECTION.

7 15-1703.

8 IN ADDITION TO ANY OTHER REQUIREMENT UNDER THIS ARTICLE, BEFORE A  
9 CARRIER MAY SELL AN ASSOCIATION HEALTH BENEFIT PLAN, THE CARRIER SHALL:

- 10 (1) HAVE DEMONSTRATED THE CAPACITY TO ADMINISTER AN  
11 ASSOCIATION HEALTH BENEFIT PLAN, INCLUDING ADEQUATE NUMBERS AND TYPES  
12 OF ADMINISTRATIVE PERSONNEL;
- 13 (2) HAVE A SATISFACTORY GRIEVANCE PROCEDURE AND ABILITY TO  
14 RESPOND TO CALLS, QUESTIONS, AND COMPLAINTS IN ACCORDANCE WITH  
15 SUBTITLES 10A, 10B, AND 10D OF THIS TITLE;
- 16 (3) PROVIDE, IN THE CASE OF INDIVIDUALS COVERED UNDER MORE  
17 THAN ONE HEALTH BENEFIT PLAN, FOR COORDINATION OF COVERAGE UNDER ALL  
18 OF THOSE HEALTH BENEFIT PLANS IN AN EQUITABLE MANNER; AND
- 19 (4) DESIGN POLICIES TO HELP ENSURE ADEQUATE ACCESS TO  
20 PROVIDERS OF HEALTH CARE.

21 15-1704.

22 (A) AN ASSOCIATION HEALTH BENEFIT PLAN MAY EXCLUDE:

- 23 (1) A HEALTH CARE SERVICE, BENEFIT, COVERAGE, OR  
24 REIMBURSEMENT FOR COVERED HEALTH CARE SERVICES THAT IS REQUIRED  
25 UNDER THIS ARTICLE OR THE HEALTH - GENERAL ARTICLE TO BE PROVIDED OR  
26 OFFERED IN A HEALTH BENEFIT PLAN THAT IS ISSUED OR DELIVERED IN THE STATE  
27 BY A CARRIER; OR
- 28 (2) REIMBURSEMENT REQUIRED BY STATUTE, BY A HEALTH BENEFIT  
29 PLAN FOR A SERVICE WHEN THAT SERVICE IS PERFORMED BY A HEALTH CARE  
30 PROVIDER WHO IS LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE AND  
31 WHOSE SCOPE OF PRACTICE INCLUDES THAT SERVICE.

32 (B) AN ASSOCIATION HEALTH BENEFIT PLAN SHALL INCLUDE BENEFITS  
33 THAT ARE AT LEAST THE ACTUARIAL EQUIVALENT OF THE MINIMUM BENEFITS  
34 REQUIRED TO BE OFFERED BY A FEDERALLY QUALIFIED HEALTH MAINTENANCE  
35 ORGANIZATION.

1 15-1705.

2 (A) (1) A CARRIER MAY NOT LIMIT COVERAGE UNDER AN ASSOCIATION  
3 HEALTH BENEFIT PLAN FOR A PREEXISTING CONDITION.

4 (2) AN EXCLUSION OF COVERAGE FOR PREEXISTING CONDITIONS MAY  
5 NOT BE APPLIED TO HEALTH CARE SERVICES FURNISHED FOR PREGNANCY OR  
6 NEWBORNS.

7 (B) (1) THIS SUBSECTION DOES NOT APPLY TO A LATE ENROLLEE IF:

8 (I) THE INDIVIDUAL REQUESTS ENROLLMENT WITHIN 30 DAYS  
9 AFTER BECOMING ELIGIBLE FOR COVERAGE UNDER THE ASSOCIATION HEALTH  
10 BENEFIT PLAN;

11 (II) A COURT HAS ORDERED COVERAGE TO BE PROVIDED FOR A  
12 SPOUSE OR MINOR CHILD OF AN INDIVIDUAL COVERED UNDER THE ASSOCIATION  
13 HEALTH BENEFIT PLAN; OR

14 (III) A REQUEST FOR ENROLLMENT IS MADE WITHIN 30 DAYS AFTER  
15 THE MARRIAGE, OR THE BIRTH OF, OR ADOPTION OF A CHILD, OF AN INDIVIDUAL  
16 COVERED UNDER THE ASSOCIATION HEALTH BENEFIT PLAN.

17 (2) NOTWITHSTANDING SUBSECTION (A) OF THIS SECTION, A LATE  
18 ENROLLEE MAY BE SUBJECT TO A 12-MONTH PREEXISTING CONDITION PROVISION.

19 (C) FOR A PERIOD NOT TO EXCEED 6 MONTHS AFTER THE DATE AN  
20 INDIVIDUAL BECOMES ELIGIBLE FOR COVERAGE, AN ASSOCIATION HEALTH  
21 BENEFIT PLAN MAY REQUIRE DEDUCTIBLES AND COST SHARING FOR BENEFITS FOR  
22 A PREEXISTING CONDITION OF THE INDIVIDUAL IN AMOUNTS NOT EXCEEDING 1.5  
23 TIMES THE AMOUNT OF THE STANDARD DEDUCTIBLES AND COST SHARING OF  
24 OTHER INDIVIDUALS ELIGIBLE FOR COVERAGE IF THE INDIVIDUAL WAS NOT  
25 PREVIOUSLY COVERED BY A PUBLIC OR PRIVATE PLAN OF HEALTH INSURANCE OR  
26 ANOTHER HEALTH BENEFIT PLAN.

27 15-1706.

28 THE REQUIREMENTS AND LIMITATIONS CONTAINED IN SUBTITLE 12 OF THIS  
29 TITLE DO NOT APPLY TO AN ASSOCIATION HEALTH BENEFIT PLAN AUTHORIZED  
30 UNDER THIS SUBTITLE.

31 15-1707.

32 (A) (1) IN ESTABLISHING A RATE FOR AN ASSOCIATION HEALTH BENEFIT  
33 PLAN, A CARRIER SHALL USE A RATING METHODOLOGY THAT IS BASED ON THE  
34 EXPERIENCE OF ALL RISKS COVERED BY THE ASSOCIATION HEALTH BENEFIT PLAN  
35 WITHOUT REGARD TO HEALTH STATUS OR OCCUPATION OR ANY OTHER FACTOR NOT  
36 SPECIFICALLY AUTHORIZED UNDER THIS SUBSECTION.

37 (2) A CARRIER MAY ADJUST THE RATE ONLY FOR:

1 (I) AGE; AND

2 (II) GEOGRAPHY BASED ON THE FOLLOWING CONTIGUOUS AREAS  
3 OF THE STATE:

4 1. THE BALTIMORE METROPOLITAN AREA;

5 2. THE DISTRICT OF COLUMBIA METROPOLITAN AREA;

6 3. WESTERN MARYLAND; AND

7 4. EASTERN AND SOUTHERN MARYLAND.

8 (3) RATES FOR AN ASSOCIATION HEALTH BENEFIT PLAN MAY VARY  
9 BASED ON FAMILY COMPOSITION AS APPROVED BY THE COMMISSIONER.

10 (B) A CARRIER SHALL APPLY ALL RISK ADJUSTMENT FACTORS UNDER  
11 SUBSECTION (A) OF THIS SECTION CONSISTENTLY WITH RESPECT TO ALL  
12 ASSOCIATION HEALTH BENEFIT PLANS THAT ARE ISSUED, DELIVERED, OR RENEWED  
13 IN THE STATE BY THE CARRIER.

14 (C) (1) A CARRIER SHALL BASE ITS RATING METHODS AND PRACTICES ON  
15 COMMONLY ACCEPTED ACTUARIAL ASSUMPTIONS AND SOUND ACTUARIAL  
16 PRINCIPLES.

17 (2) A CARRIER THAT IS A HEALTH MAINTENANCE ORGANIZATION AND  
18 THAT INCLUDES A SUBROGATION PROVISION IN ITS CONTRACT AS AUTHORIZED  
19 UNDER § 19-713.1(D) OF THE HEALTH - GENERAL ARTICLE SHALL:

20 (I) USE IN ITS RATING METHODOLOGY AN ADJUSTMENT THAT  
21 REFLECTS THE SUBROGATION; AND

22 (II) IDENTIFY IN ITS RATE FILING WITH THE ADMINISTRATION,  
23 AND ANNUALLY IN A FORM APPROVED BY THE COMMISSIONER, ALL AMOUNTS  
24 RECOVERED THROUGH SUBROGATION.

25 15-1708.

26 (A) ON OR BEFORE MARCH 15 OF EACH YEAR, EACH CARRIER SHALL FILE AN  
27 ACTUARIAL CERTIFICATION WITH THE COMMISSIONER.

28 (B) THE ACTUARIAL CERTIFICATION SHALL:

29 (1) BE WRITTEN IN A FORM THAT THE COMMISSIONER APPROVES BY A  
30 MEMBER OF THE AMERICAN ACADEMY OF ACTUARIES OR ANOTHER PERSON  
31 ACCEPTABLE TO THE COMMISSIONER;

32 (2) STATE THAT THE CARRIER IS IN COMPLIANCE WITH THIS SUBTITLE  
33 AND HAS FOLLOWED THE RATING METHODOLOGY REQUIRED UNDER § 15-1707 OF  
34 THIS SUBTITLE; AND

1           (3)       BE BASED ON AN EXAMINATION THAT INCLUDES A REVIEW OF  
2 APPROPRIATE RECORDS AND ACTUARIAL ASSUMPTIONS AND METHODS USED BY  
3 THE CARRIER.

4 15-1709.

5       NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, AN  
6 ASSOCIATION HEALTH BENEFIT PLAN SHALL REIMBURSE HOSPITALS IN  
7 ACCORDANCE WITH RATES APPROVED BY THE STATE HEALTH SERVICES COST  
8 REVIEW COMMISSION.

9 15-1710.

10       THIS SUBTITLE MAY BE CITED AS THE MARYLAND ASSOCIATION HEALTH PLAN  
11 ACT.

12       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 October 1, 2006.