
By: **Senator Giannetti**

Introduced and read first time: February 3, 2006

Assigned to: Finance

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
15 AFTER:

16 1. THE MARRIAGE OF AN INDIVIDUAL COVERED UNDER THE
17 ASSOCIATION HEALTH BENEFIT PLAN; OR

18 2. THE BIRTH OR ADOPTION OF A CHILD OF AN INDIVIDUAL
19 COVERED UNDER THE ASSOCIATION HEALTH BENEFIT PLAN.

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

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

30 15-1706.

31 THE REQUIREMENTS AND LIMITATIONS CONTAINED IN SUBTITLE 12 OF THIS
32 TITLE DO NOT APPLY TO AN ASSOCIATION HEALTH BENEFIT PLAN AUTHORIZED
33 UNDER THIS SUBTITLE.

34 15-1707.

35 (A) (1) IN ESTABLISHING A RATE FOR AN ASSOCIATION HEALTH BENEFIT
36 PLAN, A CARRIER SHALL USE A RATING METHODOLOGY THAT IS BASED ON THE

1 EXPERIENCE OF ALL RISKS COVERED BY THE ASSOCIATION HEALTH BENEFIT PLAN
2 WITHOUT REGARD TO HEALTH STATUS OR OCCUPATION OR ANY OTHER FACTOR NOT
3 SPECIFICALLY AUTHORIZED UNDER THIS SUBSECTION.

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

5 (I) AGE; AND

6 (II) GEOGRAPHY BASED ON THE FOLLOWING CONTIGUOUS AREAS
7 OF THE STATE:

8 1. THE BALTIMORE METROPOLITAN AREA;

9 2. THE DISTRICT OF COLUMBIA METROPOLITAN AREA;

10 3. WESTERN MARYLAND; AND

11 4. EASTERN AND SOUTHERN MARYLAND.

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

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

18 (C) (1) A CARRIER SHALL BASE ITS RATING METHODS AND PRACTICES ON
19 COMMONLY ACCEPTED ACTUARIAL ASSUMPTIONS AND SOUND ACTUARIAL
20 PRINCIPLES.

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

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

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

29 15-1708.

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

32 (B) THE ACTUARIAL CERTIFICATION SHALL:

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

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

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

10 15-1709.

11 NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, AN
12 ASSOCIATION HEALTH BENEFIT PLAN SHALL REIMBURSE HOSPITALS IN
13 ACCORDANCE WITH RATES APPROVED BY THE STATE HEALTH SERVICES COST
14 REVIEW COMMISSION.

15 15-1710.

16 THIS SUBTITLE MAY BE CITED AS THE MARYLAND ASSOCIATION HEALTH PLAN
17 ACT.

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