

# HOUSE BILL 277

C4

8lr0042

---

By: **Chair, Health and Government Operations Committee (By Request -  
Departmental - Insurance Administration, Maryland)**

Introduced and read first time: January 23, 2008

Assigned to: Health and Government Operations

Reassigned: Health and Government Operations and Economic Matters, January 30,  
2008

---

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 12, 2008

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Maryland Insurance Commissioner - ~~Authority to Act~~ Adoption of**  
3 **Regulations Applicable in an Emergency - Required**

4 FOR the purpose of applying certain provisions of law to ~~managed care organizations~~  
5 ~~and health maintenance organizations; specifying the applicability and purpose~~  
6 ~~of certain provisions of law; authorizing the Maryland Insurance Commissioner~~  
7 ~~to act in a certain manner in an emergency under certain circumstances;~~  
8 ~~authorizing the Commissioner to take certain actions in an emergency;~~  
9 ~~requiring the Commissioner to adopt certain actions as emergency regulations;~~  
10 requiring the Maryland Insurance Commissioner to adopt certain regulations  
11 that may be applied in certain emergencies or disasters; authorizing the  
12 regulations to apply to certain persons and address certain activities; requiring  
13 the Commissioner to issue a certain bulletin under certain circumstances;  
14 requiring the Commissioner to provide a copy of the bulletin to a certain  
15 emergency contact; authorizing the Commissioner to post a copy of the bulletin  
16 on a certain website; and generally relating to the authority of the Maryland  
17 Insurance Commissioner.

18 ~~BY repealing and reenacting, with amendments,~~  
19 ~~Article - Health - General~~  
20 ~~Section 15 - 102.3(e)~~  
21 ~~Annotated Code of Maryland~~  
22 ~~(2005 Replacement Volume and 2007 Supplement)~~

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by  
amendment.



1 BY adding to  
 2 Article – Health – General  
 3 Section 19–706(ppp)  
 4 Annotated Code of Maryland  
 5 (2005 Replacement Volume and 2007 Supplement)

6 BY adding to  
 7 Article – Insurance  
 8 Section 2–115  
 9 Annotated Code of Maryland  
 10 (2003 Replacement Volume and 2007 Supplement)

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

13 **Article – Health – General**

14 ~~15–102.3.~~

15 ~~(e) The provisions of §§ 2–115, 4–311, 15–604, 15–605, and 15–1008 of the~~  
 16 ~~Insurance Article shall apply to managed care organizations in the same manner they~~  
 17 ~~apply to carriers.~~

18 19–706.

19 (PPP) THE PROVISIONS OF § 2–115 OF THE INSURANCE ARTICLE APPLY  
 20 TO HEALTH MAINTENANCE ORGANIZATIONS.

21 **Article – Insurance**

22 **2–115.**

23 ~~(A) THIS SECTION APPLIES TO:~~

24 ~~(1) ENTITIES REGULATED UNDER THIS ARTICLE;~~

25 ~~(2) ENTITIES SUBJECT TO THE AUTHORITY OF THE~~  
 26 ~~COMMISSIONER UNDER THE HEALTH – GENERAL ARTICLE, INCLUDING HEALTH~~  
 27 ~~MAINTENANCE ORGANIZATIONS AND MANAGED CARE ORGANIZATIONS; AND~~

28 ~~(3) ENTITIES OTHERWISE SUBJECT TO THE AUTHORITY OF THE~~  
 29 ~~COMMISSIONER.~~

30 ~~(B) IN ORDER TO PROTECT THE GENERAL WELFARE OF THE CITIZENS~~  
 31 ~~OF THE STATE AND TO PROTECT INSURANCE BENEFICIARIES, POLICYHOLDERS,~~

~~1 INJURED CLAIMANTS, AND OTHERS IN PARTICULAR, IN THE EVENT THAT THE  
2 GOVERNOR HAS DECLARED A STATE OF EMERGENCY UNDER § 14-107 OF THE  
3 PUBLIC SAFETY ARTICLE, THE COMMISSIONER MAY, BY BULLETIN:~~

~~4 (1) EXTEND OR SUSPEND ANY TIME FRAME APPLICABLE TO AN  
5 ACTION BY THE COMMISSIONER UNDER THIS ARTICLE;~~

~~6 (2) REQUIRE AN ENTITY REGULATED UNDER THIS ARTICLE TO:~~

~~7 (I) EXTEND OR SUSPEND ANY TIME FRAME APPLICABLE TO  
8 AN ACTION BY A CONSUMER;~~

~~9 (H) KEEP A POLICY IN FORCE FOR A SPECIFIED PERIOD OF  
10 TIME;~~

~~11 (III) SUSPEND REQUIREMENTS FOR PREAUTHORIZATION OF  
12 MEDICAL SERVICES, REFERRALS, AND NETWORK RESTRICTIONS UNDER A  
13 HEALTH INSURANCE POLICY OR CONTRACT OR A CONTRACT FOR HEALTH  
14 COVERAGE ISSUED BY A HEALTH MAINTENANCE ORGANIZATION; AND~~

~~15 (IV) TAKE ANY OTHER ACTION CONSIDERED NECESSARY BY  
16 THE COMMISSIONER TO MEET THE PURPOSE OF THIS SECTION;~~

~~17 (3) EXTEND OR SUSPEND ANY TIME FRAME APPLICABLE TO AN  
18 ACTION BY A REGULATED ENTITY; AND~~

~~19 (4) ALLOW A DOMESTIC INSURER TO CONTINUE TO OPERATE  
20 ALTHOUGH THE EMERGENCY MAKES IT IMPOSSIBLE OR IMPRACTICABLE FOR  
21 THE DOMESTIC INSURER TO CONDUCT ITS BUSINESS IN STRICT ACCORD WITH  
22 APPLICABLE PROVISIONS OF LAW, ITS BYLAWS, OR ITS ARTICLES OF  
23 INCORPORATION.~~

~~24 (C) ANY ACTION TAKEN BY THE COMMISSIONER UNDER THIS SECTION  
25 THAT EXTENDS BEYOND 60 DAYS SHALL BE ADOPTED AS AN EMERGENCY  
26 REGULATION AS SOON AS IS PRACTICABLE.~~

~~27 (D) THE COMMISSIONER SHALL ADOPT REGULATIONS TO IMPLEMENT  
28 THIS SECTION.~~

~~29 (A) THE COMMISSIONER SHALL ADOPT REGULATIONS THAT MAY BE  
30 APPLIED WHEN:~~

~~31 (1) THE GOVERNOR HAS DECLARED A STATE OF EMERGENCY FOR  
32 THE STATE OR AN AREA WITHIN THE STATE UNDER § 14-107 OF THE PUBLIC  
33 SAFETY ARTICLE; OR~~

1           **(2) THE PRESIDENT OF THE UNITED STATES HAS ISSUED A**  
2 **MAJOR DISASTER OR EMERGENCY DECLARATION FOR THE STATE OR AN AREA**  
3 **WITHIN THE STATE UNDER THE FEDERAL STAFFORD ACT.**

4           **(B) THE REGULATIONS MAY:**

5                   **(1) APPLY TO ANY PERSON REGULATED BY THE COMMISSIONER**  
6 **UNDER THIS ARTICLE OR TITLE 19, SUBTITLE 7 OF THE HEALTH – GENERAL**  
7 **ARTICLE; AND**

8                   **(2) ADDRESS:**

9                           **(I) SUBMISSION OF CLAIMS OR PROOF OF LOSS;**

10                           **(II) GRACE PERIODS FOR PAYMENT OF PREMIUMS AND**  
11 **PERFORMANCE OF OTHER DUTIES BY INSUREDS;**

12                           **(III) TEMPORARY POSTPONEMENT OF CANCELLATIONS,**  
13 **NONRENEWALS, PREMIUM INCREASES, OR POLICY MODIFICATIONS;**

14                           **(IV) PROCEDURES FOR OBTAINING NONELECTIVE HEALTH**  
15 **CARE SERVICES;**

16                           **(V) TIME RESTRICTIONS FOR FILLING OR REFILLING**  
17 **PRESCRIPTION DRUGS;**

18                           **(VI) TIME FRAMES APPLICABLE TO AN ACTION BY THE**  
19 **COMMISSIONER UNDER THIS ARTICLE; AND**

20                           **(VII) ANY OTHER ACTIVITY NECESSARY TO PROTECT THE**  
21 **RESIDENTS OF THE STATE.**

22           **(C) (1) TO ACTIVATE A REGULATION ADOPTED UNDER THIS SECTION,**  
23 **THE COMMISSIONER SHALL ISSUE A BULLETIN SPECIFYING:**

24                           **(I) THAT THE REGULATION IS ACTIVATED;**

25                           **(II) THE LINE OR LINES OF BUSINESS TO WHICH THE**  
26 **REGULATION APPLIES;**

27                           **(III) THE GEOGRAPHIC AREAS TO WHICH THE REGULATION**  
28 **APPLIES; AND**

1                    (IV) THE PERIOD OF TIME FOR WHICH THE REGULATION  
2 APPLIES.

3                    (2) A REGULATION ACTIVATED UNDER PARAGRAPH (1) OF THIS  
4 SUBSECTION MAY NOT APPLY BEYOND THE DURATION OF, OR THE  
5 GEOGRAPHICAL AREA INCLUDED WITHIN, THE GOVERNOR’S OR PRESIDENT’S  
6 DECLARATION OF A STATE OF EMERGENCY OR DISASTER.

7                    (3) THE COMMISSIONER:

8                    (I) SHALL PROVIDE A COPY OF THE BULLETIN TO THE  
9 EMERGENCY CONTACT DESIGNATED BY THE PERSON SUBJECT TO THE  
10 BULLETIN; AND

11                    (II) MAY POST A COPY OF THE BULLETIN ON THE  
12 ADMINISTRATION’S WEBSITE.

13                    SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14                    October 1, 2008.

Approved:

\_\_\_\_\_ Governor.

\_\_\_\_\_ Speaker of the House of Delegates.

\_\_\_\_\_ President of the Senate.