

HOUSE BILL 39

C3

9lr0825

(PRE-FILED)

By: **Delegate Riley**

Requested: October 22, 2008

Introduced and read first time: January 14, 2009

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Out-of-State Association Contracts – Regulation**

3 FOR the purpose of requiring certain carriers that offer certain out-of-state
4 association contracts to Maryland residents also to offer certain individual
5 health insurance contracts to Maryland residents; requiring the carriers to
6 make certain disclosures to a Maryland resident applying for coverage under an
7 out-of-state association contract; requiring the carriers to disclose certain
8 information on the enrollment application for coverage under an out-of-state
9 association contract under certain circumstances; defining certain terms;
10 providing for the application of this Act; and generally relating to out-of-state
11 association contracts.

12 BY adding to

13 Article – Insurance

14 Section 15–1105 to be under the amended subtitle “Subtitle 11. Miscellaneous
15 Health Insurance Policies and Contracts and Health Benefit Plans”

16 Annotated Code of Maryland

17 (2006 Replacement Volume and 2008 Supplement)

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

20 **Article – Insurance**

21 Subtitle 11. Miscellaneous Health Insurance Policies **AND CONTRACTS AND HEALTH**
22 **BENEFIT PLANS.**

23 **15–1105.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
2 MEANINGS INDICATED.

3 (2) “CARRIER” MEANS:

4 (I) AN INSURER; OR

5 (II) A NONPROFIT HEALTH SERVICE PLAN.

6 (3) “ELIGIBLE INDIVIDUAL” MEANS A MARYLAND RESIDENT WHO
7 HAS MEMBERSHIP IN AN ASSOCIATION.

8 (4) “EVIDENCE OF INDIVIDUAL INSURABILITY” MEANS MEDICAL
9 OR OTHER INFORMATION THAT INDICATES HEALTH STATUS, USED TO
10 DETERMINE WHETHER COVERAGE OF AN INDIVIDUAL IS TO BE:

11 (I) ISSUED OR DENIED; OR

12 (II) ISSUED WITH OR WITHOUT AN EXCLUSIONARY RIDER.

13 (5) “HEALTH BENEFIT PLAN” HAS THE MEANING STATED IN §
14 15-1301 OF THIS TITLE.

15 (6) “HEALTH STATUS-RELATED FACTOR” HAS THE MEANING
16 STATED IN § 15-1201 OF THIS TITLE.

17 (7) “INDIVIDUAL HEALTH INSURANCE CONTRACT” MEANS A
18 HEALTH BENEFIT PLAN THAT IS ISSUED OR DELIVERED IN THE STATE TO AN
19 INDIVIDUAL.

20 (8) “MEMBER” MEANS AN ELIGIBLE INDIVIDUAL WHO
21 PURCHASES COVERAGE UNDER AN OUT-OF-STATE ASSOCIATION CONTRACT.

22 (9) “OUT-OF-STATE ASSOCIATION CONTRACT” MEANS A HEALTH
23 BENEFIT PLAN THAT IS ISSUED OR DELIVERED TO AN ASSOCIATION OUTSIDE
24 THE STATE.

25 (B) THIS SECTION APPLIES TO A CARRIER THAT REQUIRES EVIDENCE
26 OF INDIVIDUAL INSURABILITY FOR COVERAGE UNDER AN OUT-OF-STATE
27 ASSOCIATION CONTRACT.

28 (C) A CARRIER THAT OFFERS AN OUT-OF-STATE ASSOCIATION
29 CONTRACT TO MARYLAND RESIDENTS ALSO SHALL OFFER AN INDIVIDUAL
30 HEALTH INSURANCE CONTRACT TO MARYLAND RESIDENTS.

1 **(D) A CARRIER SHALL DISCLOSE TO A MARYLAND RESIDENT APPLYING**
2 **FOR COVERAGE UNDER AN OUT-OF-STATE ASSOCIATION CONTRACT:**

3 **(1) THAT COVERAGE IS CONDITIONED ON MEMBERSHIP IN THE**
4 **ASSOCIATION THAT HOLDS THE OUT-OF-STATE ASSOCIATION CONTRACT;**

5 **(2) ALL COSTS RELATED TO JOINING AND MAINTAINING**
6 **MEMBERSHIP IN THE ASSOCIATION;**

7 **(3) THAT MEMBERSHIP FEES OR DUES ARE IN ADDITION TO THE**
8 **PREMIUM FOR COVERAGE UNDER THE OUT-OF-STATE ASSOCIATION CONTRACT;**

9 **(4) THAT THE TERMS AND CONDITIONS OF COVERAGE UNDER THE**
10 **OUT-OF-STATE ASSOCIATION CONTRACT ARE DETERMINED BY THE**
11 **ASSOCIATION AND THE CARRIER;**

12 **(5) THE MANDATED BENEFITS REQUIRED UNDER SUBTITLE 8 OF**
13 **THIS TITLE THAT ARE NOT INCLUDED IN THE OUT-OF-STATE ASSOCIATION**
14 **CONTRACT;**

15 **(6) THAT THE MARYLAND RESIDENT MAY PURCHASE DIRECTLY**
16 **FROM THE CARRIER AN INDIVIDUAL HEALTH INSURANCE CONTRACT THAT**
17 **INCLUDES THE MANDATED BENEFITS REQUIRED UNDER SUBTITLE 8 OF THIS**
18 **TITLE THAT ARE NOT INCLUDED IN THE OUT-OF-STATE ASSOCIATION**
19 **CONTRACT;**

20 **(7) THAT BENEFITS OFFERED UNDER THE OUT-OF-STATE**
21 **ASSOCIATION CONTRACT ARE NOT REGULATED BY THE COMMISSIONER; AND**

22 **(8) THAT THE TERMS AND CONDITIONS OF COVERAGE UNDER THE**
23 **OUT-OF-STATE ASSOCIATION CONTRACT MAY BE CHANGED BY AGREEMENT OF**
24 **THE ASSOCIATION AND THE CARRIER WITHOUT THE CONSENT OF A MEMBER.**

25 **(E) A CARRIER MAY SATISFY THE DISCLOSURE REQUIREMENT UNDER**
26 **SUBSECTION (D)(6) OF THIS SECTION BY PROVIDING TO A MARYLAND**
27 **RESIDENT, AT THE TIME APPLICATION IS MADE TO THE CARRIER FOR**
28 **COVERAGE UNDER AN OUT-OF-STATE ASSOCIATION CONTRACT, INFORMATION**
29 **ABOUT:**

30 **(1) HOW TO APPLY FOR COVERAGE UNDER AN INDIVIDUAL**
31 **HEALTH INSURANCE CONTRACT OFFERED BY THE CARRIER THAT IS NOT**
32 **CONDITIONED ON ASSOCIATION MEMBERSHIP; AND**

1 **(2) THE PREMIUM FOR THE COVERAGE.**

2 **(F) IF A CARRIER COLLECTS MEMBERSHIP FEES OR DUES ON BEHALF**
3 **OF AN ASSOCIATION, THE CARRIER SHALL DISCLOSE ON THE ENROLLMENT**
4 **APPLICATION FOR AN OUT-OF-STATE ASSOCIATION CONTRACT THAT THE**
5 **CARRIER BILLS AND COLLECTS MEMBERSHIP FEES AND DUES ON BEHALF OF**
6 **THE ASSOCIATION.**

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
8 policies, contracts, and health benefit plans issued, delivered, or renewed on or after
9 October 1, 2009.

10 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 2009.