

HOUSE BILL 39

C3

9lr0825

(PRE-FILED)

By: ~~Delegate Riley~~ Delegates Riley, Montgomery, Bronrott, Frick, Lee, Hammen, Bromwell, Costa, Donoghue, Elliott, Kach, Kipke, Krebs, Kullen, McDonough, Morhaim, Oaks, Pena-Melnyk, Reznik, Tarrant, V. Turner, and Weldon

Requested: October 22, 2008

Introduced and read first time: January 14, 2009

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 4, 2009

CHAPTER _____

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; authorizing the Maryland
10 Insurance Commissioner to require the carriers to make a certain report in a
11 certain manner on or before a certain date of each year; defining certain terms;
12 providing for the application of this Act; and generally relating to out-of-state
13 association contracts.

14 BY adding to

15 Article - Insurance

16 Section 15-1105 to be under the amended subtitle "Subtitle 11. Miscellaneous
17 Health Insurance Policies and Contracts and Health Benefit Plans"

18 Annotated Code of Maryland

19 (2006 Replacement Volume and 2008 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 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article – Insurance**

4 Subtitle 11. Miscellaneous Health Insurance Policies **AND CONTRACTS AND HEALTH**
5 **BENEFIT PLANS.**

6 **15-1105.**

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

9 (2) “CARRIER” MEANS:

10 (I) AN INSURER; OR

11 (II) A NONPROFIT HEALTH SERVICE PLAN.

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

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

17 (I) ISSUED OR DENIED; OR

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

19 (5) “HEALTH BENEFIT PLAN” HAS THE MEANING STATED IN §
20 15-1301 OF THIS TITLE.

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

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

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

1 **(9) “OUT-OF-STATE ASSOCIATION CONTRACT” MEANS A HEALTH**
2 **BENEFIT PLAN THAT IS ISSUED OR DELIVERED TO AN ASSOCIATION OUTSIDE**
3 **THE STATE.**

4 **(B) THIS SECTION APPLIES TO A CARRIER THAT REQUIRES EVIDENCE**
5 **OF INDIVIDUAL INSURABILITY FOR COVERAGE UNDER AN OUT-OF-STATE**
6 **ASSOCIATION CONTRACT.**

7 ~~**(C) A CARRIER THAT OFFERS AN OUT-OF-STATE ASSOCIATION**~~
8 ~~**CONTRACT TO MARYLAND RESIDENTS ALSO SHALL OFFER AN INDIVIDUAL**~~
9 ~~**HEALTH INSURANCE CONTRACT TO MARYLAND RESIDENTS.**~~

10 ~~**(D)**~~ **(C) A CARRIER SHALL DISCLOSE TO A MARYLAND RESIDENT**
11 **APPLYING FOR COVERAGE UNDER AN OUT-OF-STATE ASSOCIATION CONTRACT:**

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

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

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

18 **(4) THAT THE TERMS AND CONDITIONS OF COVERAGE UNDER THE**
19 **OUT-OF-STATE ASSOCIATION CONTRACT ARE DETERMINED BY THE**
20 **ASSOCIATION AND THE CARRIER;**

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

24 ~~**(6) THAT THE MARYLAND RESIDENT MAY PURCHASE DIRECTLY**~~
25 ~~**FROM THE CARRIER AN INDIVIDUAL HEALTH INSURANCE CONTRACT THAT**~~
26 ~~**INCLUDES THE MANDATED BENEFITS REQUIRED UNDER SUBTITLE 8 OF THIS**~~
27 ~~**TITLE THAT ARE NOT INCLUDED IN THE OUT-OF-STATE ASSOCIATION**~~
28 ~~**CONTRACT;**~~

29 **(6) THAT THE MARYLAND RESIDENT MAY PURCHASE AN**
30 **INDIVIDUAL HEALTH BENEFIT PLAN THAT INCLUDES THE MANDATED BENEFITS**
31 **UNDER SUBTITLE 8 OF THIS TITLE THAT ARE NOT INCLUDED IN THE**
32 **OUT-OF-STATE ASSOCIATION CONTRACT FROM A CARRIER LICENSED AND**
33 **AUTHORIZED TO DO BUSINESS IN THE STATE;**

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

3 (8) THAT THE TERMS AND CONDITIONS OF COVERAGE UNDER THE
4 OUT-OF-STATE ASSOCIATION CONTRACT MAY BE CHANGED BY AGREEMENT OF
5 THE ASSOCIATION AND THE CARRIER WITHOUT THE CONSENT OF A MEMBER.

6 ~~(E) A CARRIER MAY SATISFY THE DISCLOSURE REQUIREMENT UNDER~~
7 ~~SUBSECTION (D)(6) OF THIS SECTION BY PROVIDING TO A MARYLAND~~
8 ~~RESIDENT, AT THE TIME APPLICATION IS MADE TO THE CARRIER FOR~~
9 ~~COVERAGE UNDER AN OUT-OF-STATE ASSOCIATION CONTRACT, INFORMATION~~
10 ~~ABOUT:~~

11 ~~(1) HOW TO APPLY FOR COVERAGE UNDER AN INDIVIDUAL~~
12 ~~HEALTH INSURANCE CONTRACT OFFERED BY THE CARRIER THAT IS NOT~~
13 ~~CONDITIONED ON ASSOCIATION MEMBERSHIP; AND~~

14 ~~(2) THE PREMIUM FOR THE COVERAGE.~~

15 (D) (1) THE COMMISSIONER MAY REQUIRE A CARRIER THAT OFFERS
16 COVERAGE UNDER AN OUT-OF-STATE ASSOCIATION CONTRACT TO REPORT, ON
17 OR BEFORE MARCH 1 OF EACH YEAR, THE NUMBER OF MARYLAND RESIDENTS
18 COVERED IN THE PRECEDING CALENDAR YEAR UNDER THE OUT-OF-STATE
19 ASSOCIATION CONTRACT.

20 (2) THE DATA REQUIRED UNDER PARAGRAPH (1) OF THIS
21 SUBSECTION SHALL BE REPORTED IN A MANNER DETERMINED BY THE
22 COMMISSIONER.

23 ~~(F)~~ (E) IF A CARRIER COLLECTS MEMBERSHIP FEES OR DUES ON
24 BEHALF OF AN ASSOCIATION, THE CARRIER SHALL DISCLOSE ON THE
25 ENROLLMENT APPLICATION FOR AN OUT-OF-STATE ASSOCIATION CONTRACT
26 THAT THE CARRIER BILLS AND COLLECTS MEMBERSHIP FEES AND DUES ON
27 BEHALF OF THE ASSOCIATION.

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

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