

HOUSE BILL 1534

C3

9lr3443

By: **Delegate Pendergrass**

Introduced and read first time: March 9, 2009

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Nonprofit Health Service Plans – Hearing and Order – Impact of Law by**
3 **Another State**

4 FOR the purpose of authorizing the Maryland Insurance Commissioner to hold a
5 certain hearing to review and evaluate a certain impact, if another state enacts
6 a law that requires a nonprofit health service plan operating in this State to
7 provide a certain program or benefits; requiring the Commissioner, based on the
8 review and evaluation, to make a certain determination; requiring the
9 Commissioner to issue a certain order for a certain purpose, under certain
10 circumstances; authorizing the order to include a prohibition on the nonprofit
11 health service plan subsidizing the program or benefits in a certain manner;
12 and generally relating to a hearing and order by the Maryland Insurance
13 Commissioner on the impact of a law by another state on a nonprofit health
14 service plan in this State.

15 BY repealing and reenacting, without amendments,
16 Article – Insurance
17 Section 1–101(mm)
18 Annotated Code of Maryland
19 (2003 Replacement Volume and 2008 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Insurance
22 Section 14–124
23 Annotated Code of Maryland
24 (2006 Replacement Volume and 2008 Supplement)

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

27 **Article – Insurance**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 1–101.

2 (mm) Except as otherwise expressly provided in this article, “state” means:

3 (1) a state, possession, territory, or commonwealth of the United
4 States; or

5 (2) the District of Columbia.

6 14–124.

7 (a) (1) The Commissioner may conduct any investigation or hearing that
8 the Commissioner considers necessary to enforce this subtitle.

9 (2) In conducting a hearing or investigation under this section, the
10 Commissioner has the same powers with respect to nonprofit health service plans as
11 are granted to the Commissioner under Titles 2 and 4 of this article with respect to
12 any other activity regulated under this article.

13 **(3) IF ANOTHER STATE ENACTS A LAW THAT REQUIRES A**
14 **NONPROFIT HEALTH SERVICE PLAN OPERATING IN THIS STATE TO PROVIDE A**
15 **PROGRAM OR BENEFITS FOR THE RESIDENTS OF THE OTHER STATE, THE**
16 **COMMISSIONER MAY HOLD A QUASI-LEGISLATIVE HEARING OR A HEARING**
17 **UNDER TITLE 2 OF THIS ARTICLE TO REVIEW AND EVALUATE THE IMPACT OF**
18 **THE LAW ON THE NONPROFIT HEALTH SERVICE PLAN, INCLUDING THE IMPACT**
19 **ON:**

20 (I) **SURPLUS;**

21 (II) **PREMIUM RATES FOR POLICIES ISSUED OR DELIVERED**
22 **IN THIS STATE; AND**

23 (III) **SOLVENCY.**

24 (4) **BASED ON THE REVIEW AND EVALUATION UNDER PARAGRAPH**
25 **(3) OF THIS SUBSECTION, THE COMMISSIONER SHALL DETERMINE WHETHER**
26 **THE IMPACT ON THE NONPROFIT HEALTH SERVICE PLAN IS HARMFUL TO THE**
27 **INTERESTS OF SUBSCRIBERS COVERED BY POLICIES ISSUED OR DELIVERED IN**
28 **THIS STATE.**

29 (5) (I) **IF THE COMMISSIONER DETERMINES THE PROGRAM OR**
30 **BENEFITS FOR THE RESIDENTS OF ANOTHER STATE HAVE AN IMPACT ON THE**
31 **NONPROFIT HEALTH SERVICE PLAN THAT IS HARMFUL TO THE INTERESTS OF**
32 **SUBSCRIBERS COVERED BY POLICIES ISSUED OR DELIVERED IN THIS STATE,**

1 THE COMMISSIONER SHALL ISSUE AN APPROPRIATE ORDER TO PROTECT THE
2 SUBSCRIBERS.

3 (II) THE ORDER ISSUED UNDER SUBPARAGRAPH (I) OF THIS
4 PARAGRAPH MAY INCLUDE A PROHIBITION ON THE NONPROFIT HEALTH
5 SERVICE PLAN SUBSIDIZING THE PROGRAM OR BENEFITS FOR THE RESIDENTS
6 OF ANOTHER STATE THROUGH:

7 1. PREMIUMS CHARGED TO SUBSCRIBERS UNDER
8 POLICIES ISSUED OR DELIVERED IN THIS STATE; OR

9 2. USE OF ANY SURPLUS EARNED THROUGH
10 POLICIES ISSUED OR DELIVERED IN THIS STATE.

11 (b) The Commissioner may adopt regulations to carry out this subtitle.

12 (c) The Commissioner may commence a delinquency proceeding against a
13 corporation operating under this subtitle for any of the reasons set forth in § 9-211(a)
14 and (b) of this article.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 June 1, 2009.