

SENATE BILL 636

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9lr1896

By: **Senator Middleton**

Introduced and read first time: February 6, 2009

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: February 24, 2009

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance – Required Report and Repeal of Obsolete Provisions**

3 FOR the purpose of requiring the Insurance Commissioner to report to the General
4 Assembly on or before a certain date each year regarding certain contracts and
5 certain insured lives; repealing certain provisions of law relating to the taking
6 effect of certain requirements for health insurers when the Insurance
7 Commissioner determines that a certain percent of the State's population is
8 covered under certain health benefit plans; repealing a certain report; and
9 generally relating to health insurance.

10 BY adding to

11 Article – Insurance

12 Section 15–132

13 Annotated Code of Maryland

14 (2006 Replacement Volume and 2008 Supplement)

15 BY repealing

16 Chapter 9 of the Acts of the General Assembly of 1993, as amended by Chapter
17 258 of the Acts of the General Assembly of 1994

18 Section 5

19 BY repealing and reenacting, with amendments,

20 Chapter 9 of the Acts of the General Assembly of 1993

21 Section 6

22 BY repealing

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 Chapter 294 of the Acts of the General Assembly of 1997
2 Section 5

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

5 **Article – Insurance**

6 **15-132.**

7 **ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE COMMISSIONER SHALL**
8 **REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE**
9 **STATE GOVERNMENT ARTICLE, ON THE ESTIMATED NUMBER OF INSURED AND**
10 **SELF-INSURED CONTRACTS FOR HEALTH BENEFIT PLANS IN THE STATE AND**
11 **THE NUMBER OF INSURED AND SELF-INSURED LIVES UNDER THE AGE OF 65**
12 **ENROLLED IN BENEFIT PLANS IN THE STATE.**

13 **Chapter 9 of the Acts of 1993, as amended by Chapter 258 of the Acts of 1994**

14 [SECTION 5. AND BE IT FURTHER ENACTED, That:

15 (a) (1) Annually by October 1 the Insurance Commissioner shall
16 determine the number of individuals in the State who are under the age of 65 and who
17 are covered under an insured health benefit plan issued by an insurer authorized to
18 engage in the insurance business in the State or under a prepaid health benefit
19 package of a health maintenance organization that operates in the State.

20 (2) The Insurance Commissioner shall accept registration from public
21 and private employers and employee groups or associations in the State that offer
22 health benefit plans under the Employee Retirement Income Security Act or other
23 self-insured plans and that would agree to obtain insured health benefits for their
24 employees or groups for a minimum period of 3 years under an insurance plan issued
25 by an insurer authorized to engage in the insurance business in the State or under a
26 prepaid health benefit package of a health maintenance organization that operates in
27 the State and that would be subject to Section 3 of this Act. Upon request of the
28 insurer or HMO being considered by a registering group of up to 250 employees, the
29 registering group shall provide claims and demographic information sufficient to assist
30 insurers and HMOs to develop rates that are adequate, not excessive and not unfairly
31 discriminatory, and in accordance with Article 48A, § 702 of the Code.

32 (b) Section 3 of this Act shall take effect the second January 1 following a
33 determination by the Insurance Commissioner that at least 60 percent of Maryland's
34 total population under the age of 65 are covered under an insured health benefit plan
35 or are enrolled in plans sponsored by employers or groups for which the Insurance
36 Commissioner has obtained registrations, provided, however, that the Insurance
37 Commissioner shall study whether the percentage of Maryland's total population
38 under age 65 required for Section 3 to take effect should be greater than 60 percent

1 and shall promulgate a regulation providing for a higher percentage if the
2 Commissioner determines that it is in the public interest that the percentage should
3 be raised. In determining whether the percentage should be raised, the Commissioner
4 shall include a consideration of the extent to which:

5 (1) Small group premium rates will increase with the addition of
6 individuals and large groups to the community pool;

7 (2) Existing insured groups are likely to self-insure and exit the
8 community pool if individuals and large groups enter the community pool;

9 (3) Individuals are likely to move to Maryland to join the community
10 pool thereby increasing health expenditures in Maryland; and

11 (4) Employer groups are likely to leave the State to avoid the
12 community pool.

13 (c) The Insurance Commissioner must submit an annual report in
14 accordance with § 2-1312 of the State Government Article by December 31 of each
15 year. The report must specify the number of individuals under the age of 65 who are
16 covered under an insured health benefit plan and by registered employers. If the
17 Commissioner determines that the taking effect of Section 3 of this Act at a
18 participation level of 60 percent of the population under age 65 is in the public
19 interest, the Commissioner shall state the reasons in the report.

20 (d) The first June 1 following the Commissioner's determination that at least
21 60 percent, or any greater percentage as determined by the Commissioner in
22 regulation, of Maryland's total population under the age of 65 are covered under an
23 insured health benefit plan or are enrolled in plans sponsored by employers or groups
24 for which the Commissioner has obtained registrations, insurers and health
25 maintenance organizations must submit the estimated community rate applicable to
26 the Comprehensive Standard Health Benefit Plan after Section 3 of this Act takes
27 effect. Insurers and health maintenance organizations shall distribute this
28 information to all covered groups.

29 (e) Except as excused by the Commissioner for circumstances that would
30 deem an employer unable to maintain health insurance for its employees, any
31 employer that registers for 3 years with the Commissioner under this section that
32 fails to provide or discontinues coverage under Article 48A, Title 55 of the Code, after
33 the Commissioner determines that the 60 percent margin has been met shall be fined
34 in an amount equal to \$1 per employee for each day under 3 years that the employer is
35 not covered under Article 48A, Title 55 of the Code.

36 (f) The State Employee and Retiree Health and Welfare Benefits Program
37 may register, no earlier than January 1, 1995 with the Insurance Commissioner under
38 this section only if the registration is approved by the Legislative Policy Committee of
39 the General Assembly.

1 (g) Before the effective date of Section 3 of this Act, the Insurance
2 Commissioner shall adopt regulations to implement that section.]

3 **Chapter 9 of the Acts of 1993**

4 SECTION 6. AND BE IT FURTHER ENACTED, That if Section 3 of this Act
5 takes effect on the occurrence of the events specified in Section [5 or] 7 of this Act, the
6 Insurance Commissioner shall ensure that contracts and policies issued to employers
7 and groups that are eligible to sponsor health benefit plans under the Employee
8 Retirement Income Security Act, shall be effective for 3 years and that appropriate
9 sanctions are included in the policies or contracts in the event of cancellation before
10 the end of the 3-year period.

11 **Chapter 294 of the Acts of 1997**

12 [SECTION 5. AND BE IT FURTHER ENACTED, That, in accordance with §
13 2-1312 of the State Government Article, the Insurance Commissioner shall report
14 annually to the Senate Finance Committee and the House Economic Matters
15 Committee regarding the effect of this Act on rates in the individual health insurance
16 market, and any proposed changes to existing law. The Commissioner's report shall be
17 made by December 1 of each year, beginning in 1999.]

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2009.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.