

CHAPTER 349

(House Bill 1534)

AN ACT concerning

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

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

BY repealing and reenacting, without amendments,

Article – Insurance

Section 1–101(mm)

Annotated Code of Maryland

(2003 Replacement Volume and 2008 Supplement)

BY repealing and reenacting, with amendments,

Article – Insurance

Section 14–124

Annotated Code of Maryland

(2006 Replacement Volume and 2008 Supplement)

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

Article – Insurance

1–101.

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

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

(2) the District of Columbia.

14-124.

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

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

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

(I) SURPLUS;

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

(III) SOLVENCY.

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

(5) (I) IF THE COMMISSIONER DETERMINES THE PROGRAM OR BENEFITS FOR THE RESIDENTS OF ANOTHER STATE HAVE AN IMPACT ON THE NONPROFIT HEALTH SERVICE PLAN THAT IS HARMFUL TO THE INTERESTS OF SUBSCRIBERS COVERED BY POLICIES ISSUED OR DELIVERED IN THIS STATE, THE COMMISSIONER SHALL ISSUE AN APPROPRIATE ORDER TO PROTECT THE SUBSCRIBERS.

(II) THE ORDER ISSUED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY INCLUDE A PROHIBITION ON THE NONPROFIT HEALTH

SERVICE PLAN SUBSIDIZING THE PROGRAM OR BENEFITS FOR THE RESIDENTS OF ANOTHER STATE THROUGH:

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

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

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

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

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

Approved by the Governor, May 7, 2009.