

CHAPTER 654

(House Bill 39)

AN ACT concerning

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

FOR the purpose of requiring certain carriers that offer certain out-of-state association contracts to Maryland residents ~~also to offer certain individual health insurance contracts to Maryland residents; requiring the carriers~~ to make certain disclosures to a Maryland resident applying for coverage under an out-of-state association contract; requiring the carriers to disclose certain information on the enrollment application for coverage under an out-of-state association contract under certain circumstances; authorizing the Maryland Insurance Commissioner to require the carriers to make a certain report in a certain manner on or before a certain date of each year; defining certain terms; providing for the application of this Act; and generally relating to out-of-state association contracts.

BY adding to

Article – Insurance

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

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

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

15–1105.

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

(2) “CARRIER” MEANS:

(I) AN INSURER; OR

(II) A NONPROFIT HEALTH SERVICE PLAN.

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

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

(I) **ISSUED OR DENIED; OR**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Approved by the Governor, May 19, 2009.