

Department of Legislative Services  
Maryland General Assembly  
2010 Session

FISCAL AND POLICY NOTE

House Bill 1423 (Delegate Costa)  
Health and Government Operations

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**Small Group Market Health Insurance - Renewal Notice**

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This bill requires carriers that offer plans in the small group market to mail a renewal notice to small employers at least 60 days, rather than 45 days, before the expiration of a health benefit plan.

The bill applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after October 1, 2010.

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**Fiscal Summary**

**State Effect:** Minimal special fund revenue increase in FY 2011 for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee. MIA can handle the review of revised contracts with existing resources.

**Local Effect:** None.

**Small Business Effect:** Potential minimal as small businesses will have more time to shop for another policy if they find out that they will incur a large premium increase for a health policy the following year.

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**Analysis**

**Current Law:** The Comprehensive Standard Health Benefit Plan (CSHBP) is a standard health benefit package (standard plan) that carriers must sell to small businesses (2-50 employees). Carriers must offer the standard plan to all small businesses but may sell additional benefits or enhancements through riders.

Carriers must mail renewal notices to small employers at least 45 days before the expiration of a health benefit plan. The renewal notice must include the renewal period dates, the health benefit plan rates, and the coverage terms under the health benefit plan. A carrier may not exclude eligible employees or dependents from a health benefit plan upon renewal.

A carrier may only cancel or refuse to renew a health benefit plan for nonpayment of premiums; for fraud or intentional misrepresentation of material fact by the small employer; for noncompliance with a material plan provision related to employer contributions or group participation rules; when a carrier elects not to renew all of its health benefit plans that are issued to small employers in the State or the particular health benefit plan for all small employers in the State; or, in the case of a health maintenance organization (HMO), where there is no longer any enrollee who lives, resides, or works in the HMO's approved service area.

**Background:** In 2008, 51,283 employer groups (an estimated 39.6% of Maryland small businesses) purchased CSHBP, covering a total of 407,983 lives. Nearly all employers selected an HMO plan (68%) or a preferred provider organization plan (30%), either with or without a health savings account.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

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mpc/mwc

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