

# HOUSE BILL 859

C3

EMERGENCY BILL

5lr1381  
CF SB 437

---

By: ~~Delegate Bromwell~~ Delegates Bromwell, Hammen, Angel, Barron, Cullison, Hayes, Hill, Kelly, Kipke, Krebs, McDonough, McMillan, Miele, Morgan, Morhaim, Oaks, Pena-Melnyk, Pendergrass, Reznik, Sample-Hughes, West, and K. Young

Introduced and read first time: February 13, 2015

Assigned to: Health and Government Operations

---

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 15, 2015

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

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

4 FOR the purpose of ~~requiring, instead of authorizing, the Maryland Insurance~~  
5 ~~Commissioner to hold a certain hearing relating to the impact of a law of another~~  
6 ~~state on a nonprofit health service plan operating in this State; authorizing the~~  
7 ~~Commissioner to conduct an examination instead of holding a hearing~~ authorizing  
8 the Maryland Insurance Commissioner to conduct an examination relating to the  
9 impact of a law of another state on a nonprofit health service plan operating in this  
10 State; adding a regulatory action by another state to the circumstances ~~that require~~  
11 in which the Commissioner ~~to~~ may hold a hearing or conduct an examination; adding  
12 a requirement by another state that a nonprofit health service plan operating in this  
13 State distribute or reduce its surplus to the circumstances ~~that require in which~~ the  
14 Commissioner ~~to~~ may hold a hearing or conduct an examination; authorizing an  
15 order issued by the Commissioner to include certain actions; prohibiting a nonprofit  
16 health service plan from distributing or reducing its surplus under certain  
17 circumstances except with ~~certain~~ the approval of the Commissioner; making certain  
18 conforming changes; making this Act an emergency measure; and generally relating  
19 to the impact of a law or regulatory action by another state on a nonprofit health  
20 service plan operating in this State and actions by the Maryland Insurance  
21 Commissioner.

---

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 BY repealing and reenacting, with amendments,  
2 Article – Insurance  
3 Section 14–124  
4 Annotated Code of Maryland  
5 (2011 Replacement Volume and 2014 Supplement)

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

8 **Article – Insurance**

9 14–124.

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

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

16 (3) If another state enacts a law **OR TAKES A REGULATORY ACTION** that  
17 requires a nonprofit health service plan operating in this State to provide a program or  
18 benefits for the residents of the other state **OR TO DISTRIBUTE OR REDUCE ITS SURPLUS**  
19 **ON THE GROUNDS THAT THE SURPLUS IS EXCESSIVE IN WHOLE OR IN PART**, the  
20 Commissioner ~~may~~ **SHALL** hold a quasi-legislative hearing or a hearing under Title 2 of  
21 this article **OR CONDUCT AN EXAMINATION** to review and evaluate the impact of the law  
22 **OR REGULATORY ACTION** on the nonprofit health service plan, including the impact on:

23 (i) surplus;

24 (ii) premium rates for policies issued or delivered in this State; and

25 (iii) solvency.

26 (4) Based on the review and evaluation under paragraph (3) of this  
27 subsection, the Commissioner shall determine whether the impact on the nonprofit health  
28 service plan is harmful to the interests of subscribers covered by policies issued or delivered  
29 in this State.

30 (5) (i) If the Commissioner determines the program or benefits for the  
31 residents of another state **OR THE SURPLUS DISTRIBUTION OR REDUCTION** have an  
32 impact on the nonprofit health service plan that is harmful to the interests of subscribers  
33 covered by policies issued or delivered in this State, the Commissioner shall issue an  
34 appropriate order to protect the subscribers.

1 (ii) The order issued under subparagraph (i) of this paragraph may  
2 include:

3 1. a prohibition on the nonprofit health service plan  
4 subsidizing the program or benefits for the residents of another state through:

5 [1.] A. premiums charged to subscribers under policies  
6 issued or delivered in this State; or

7 [2.] B. use of any surplus earned through policies issued or  
8 delivered in this State;

9 2. **A PROHIBITION ON THE NONPROFIT HEALTH SERVICE  
10 PLAN DISTRIBUTING OR REDUCING ITS SURPLUS FOR THE BENEFIT OF RESIDENTS  
11 OF ANOTHER STATE; OR**

12 3. **ANY OTHER ACTION THE COMMISSIONER CONSIDERS  
13 NECESSARY TO PROTECT THE INTERESTS OF THE SUBSCRIBERS COVERED BY  
14 POLICIES ISSUED OR DELIVERED IN THIS STATE.**

15 **(6) A NONPROFIT HEALTH SERVICE PLAN MAY NOT DISTRIBUTE OR  
16 REDUCE ITS SURPLUS UNDER A LAW OR REGULATORY ACTION THE IMPACT OF  
17 WHICH IS SUBJECT TO A HEARING OR AN EXAMINATION UNDER PARAGRAPH (3) OF  
18 THIS SUBSECTION, EXCEPT WITH THE APPROVAL OF THE COMMISSIONER ~~AFTER~~  
19 ~~THE HEARING IS HELD OR THE EXAMINATION IS CONDUCTED.~~**

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

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

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency  
25 measure, is necessary for the immediate preservation of the public health or safety, has  
26 been passed by a yea and nay vote supported by three-fifths of all the members elected to  
27 each of the two Houses of the General Assembly, and shall take effect from the date it is  
28 enacted.