

# SENATE BILL 452

C3

6lr3250  
CF HB 25

---

By: **Senator Serafini**

Introduced and read first time: February 2, 2016

Assigned to: Finance

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Group Health Benefit Plans – Renewal Premium Rate**  
3 **Calculation Statement**

4 FOR the purpose of requiring certain health insurance carriers to provide to the  
5 policyholder or plan sponsor of a group health benefit plan a renewal premium rate  
6 calculation statement a certain number of days before the date of renewal of the  
7 group health benefit plan; requiring the statement to include certain information;  
8 providing for the application of this Act; and generally relating to renewals of group  
9 health benefit plans and premium rates.

10 BY repealing and reenacting, with amendments,  
11 Article – Insurance  
12 Section 15–1408  
13 Annotated Code of Maryland  
14 (2011 Replacement Volume and 2015 Supplement)

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

17 **Article – Insurance**

18 15–1408.

19 **(A)** A carrier shall renew group health benefit plans at the option of the  
20 policyholder or plan sponsor, except in any of the following cases:

21 (1) for nonpayment of the required premium;

22 (2) where the policyholder or plan sponsor has performed an act or practice  
23 that constitutes fraud;

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (3) where the policyholder or plan sponsor has made an intentional  
2 misrepresentation of material fact under the terms of the coverage;

3 (4) where the policyholder or plan sponsor has failed to comply with a  
4 material plan provision relating the employer contributions or group participation rules;

5 (5) where the carrier elects not to renew all group health benefit plans in  
6 the State;

7 (6) in the case of a health maintenance organization, where there is no  
8 longer any enrollee who lives, resides, or works in the health maintenance organization's  
9 approved service area, provided notice of the nonrenewal is provided to each employer and  
10 to each employee covered under the health benefit plan at least 90 days before the date  
11 coverage will be terminated;

12 (7) in the case of a carrier that offers coverage only through one or more  
13 bona fide associations, when the membership of an employer in the association ceases and  
14 nonrenewal under this item is applied uniformly without regard to any health  
15 status-related factor relating to any covered individual; or

16 (8) the carrier makes an election under § 15-1409 of this subtitle.

17 **(B) (1) A CARRIER SHALL PROVIDE TO THE POLICYHOLDER OR PLAN**  
18 **SPONSOR OF A GROUP HEALTH BENEFIT PLAN A RENEWAL PREMIUM RATE**  
19 **CALCULATION STATEMENT AT LEAST 90 DAYS BEFORE THE DATE OF RENEWAL OF**  
20 **THE GROUP HEALTH BENEFIT PLAN.**

21 **(2) THE RENEWAL PREMIUM RATE CALCULATION STATEMENT**  
22 **REQUIRED UNDER THIS SUBSECTION SHALL INCLUDE, BOTH FOR THE GROUP**  
23 **OVERALL AND ON A PER MEMBER PER MONTH BASIS:**

24 **(I) THE PROJECTED PREMIUM RATE FOR THE RENEWAL PLAN**  
25 **YEAR AND THE FACTORS ON WHICH THE PROJECTED PREMIUM RATE IS BASED,**  
26 **INCLUDING:**

27 1. INCURRED CLAIMS;

28 2. THE VALUE OF BENEFIT CHANGES;

29 3. THE TREND FACTOR;

30 4. PROJECTED CLAIMS BASED ON THE CLAIMS AND  
31 DEMOGRAPHIC EXPERIENCE OF THE GROUP; AND

1                                   **5. ANY FEES, CHARGES, TAXES, COMMISSIONS,**  
2 **ASSESSMENTS, AND OTHER COSTS; AND**

3                                   **(II) THE PREMIUM RATE CALCULATION FOR THE RENEWAL**  
4 **PLAN YEAR BASED ON THE GROUP'S BASE PERIOD ENROLLMENT AT CURRENT PLAN**  
5 **YEAR PREMIUM RATES.**

6           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
7 group health benefit plans issued, delivered, or renewed in the State on or after October 1,  
8 2016.

9           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 October 1, 2016.