

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 452  
Finance

(Senator Serafini)

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Health Insurance - Group Health Benefit Plans - Renewal Premium Rate  
Calculation Statement

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This bill requires insurers, health maintenance organizations, and nonprofit health service plans (collectively known as carriers) to provide a policyholder or plan sponsor of a group health benefit plan with a renewal premium rate calculation statement. The statement must be provided at least 90 days before the date of renewal and include, both for the group overall and on a per-member per-month basis, (1) the projected premium rate for the renewal plan year and specified factors on which the projected premium rate is based and (2) the premium rate calculation for the renewal plan year based on the group's base period enrollment at current plan year premium rates.

The bill applies to all group health benefit plans issued, delivered, or renewed in the State on or after October 1, 2016.

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Fiscal Summary

**State Effect:** None. The bill does not directly affect governmental finances.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** Carriers must renew group health benefit plans at the option of the policyholder or plan sponsor with noted exceptions, including nonpayment of premiums,

fraud, intentional misrepresentation, failure to comply with a material plan provision, and if the carrier elects not to renew all group health benefit plans in the State.

A carrier that elects not to renew all of a particular product in the State must provide notice of the nonrenewal at least 90 days before the effective date to each policyholder, plan sponsor, participant, and beneficiary. A carrier must offer each affected plan sponsor the option to purchase any other health insurance coverage currently being offered by the carrier and act uniformly without regard to the claims experience of any affected individual. A carrier that elects not to renew all group health benefit plans in the State must give notice to the affected individuals at least 180 days prior to the effective date of the nonrenewal, must give notice to the Maryland Insurance Commissioner at least 30 working days prior to the notice, and is prohibited from writing new business for groups in the State for a five-year period.

**Background:** Unlike the small group market, in which premiums are based on age and geographic location, in the large group market, premiums are based on the experience of each individual group.

Although never required, at least some carriers have provided similar information regarding premium rate calculation to group health benefit plans in the past. According to the Maryland Insurance Administration, the provision of such information would benefit employers as they would receive specific information about what their new group health benefit plan premium rate is based on.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 25 (Delegate Wivell) - Health and Government Operations.

**Information Source(s):** Department of Budget and Management, Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 4, 2016  
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