

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader - Revised

House Bill 292 (Delegate Wivell)
Health and Government Operations

Health Insurance - Group Health Benefit Plans - Disclosure of Information

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 specified renewal premium rate calculation statement at least 90 days before the date of renewal. The bill also clarifies that the existing disclosure requirements on a carrier that is experience rating a large employer's health benefit plan apply to an employer with an average of more than 50 employees. **The bill takes effect January 1, 2019, and applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after that date.**

Fiscal Summary

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The renewal premium rate calculation statement must 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.

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.

“Aggregate incurred claims” means the total claims incurred in the experience period that the carrier uses to experience rate a large employer’s health benefit plan. “Experience rating” means that a carrier develops the premium rates for an employer’s health benefit plan based in whole or in part on the claims experience of the group that consists of the employer’s employees or employees’ dependents.

Chapters 54 and 55 of 2016 require a carrier that is experience rating the health benefit plan of a “large employer” to disclose the aggregate incurred claims of the group to the large employer within 30 days of receipt of a request from the large employer. Disclosure must be provided in a format that complies with privacy requirements under the federal Health Insurance Portability and Accessibility Act. For purposes of these disclosures, “large employer” is defined as an employer that is not a “small employer.” “Small employer” is an employer that in the immediately preceding calendar year employed an average of not more than (1) 50 employees for plan years that began prior to January 1, 2016; and (2) 100 employees for plan years that began on or after January 1, 2016, *or another number of employees as provided under federal law*. Under federal law, a small employer is defined as not more than 50 employees.

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.

Additional Information

Prior Introductions: Similar legislation, HB 25 of 2016, received a hearing in the House Health and Government Operations Committee and was subsequently withdrawn. Its cross file, SB 452, received an unfavorable report from the Senate Finance Committee.

Cross File: None.

Information Source(s): Department of Budget and Management; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2018
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