

SENATE BILL 50

C3

9lr0079

(PRE-FILED)

By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: October 15, 2018

Introduced and read first time: January 9, 2019

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Form Filings – Review and Waiting Period Extensions**

3 FOR the purpose of authorizing the Maryland Insurance Commissioner to extend a certain
4 review period for up to a certain number of days for a certain filing made by a health
5 maintenance organization if the Commissioner gives the health maintenance
6 organization certain notice; providing that a certain filing may become effective on
7 the date specified in a certain notice; authorizing the Commissioner to extend the
8 period during which a certain amendment may not take effect for up to a certain
9 number of days if the Commissioner gives a certain corporation certain notice; and
10 generally relating to health insurance and filings made to the Maryland Insurance
11 Commissioner.

12 BY repealing and reenacting, without amendments,
13 Article – Health – General
14 Section 19–713(a)
15 Annotated Code of Maryland
16 (2015 Replacement Volume and 2018 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Health – General
19 Section 19–713(e) and (g)
20 Annotated Code of Maryland
21 (2015 Replacement Volume and 2018 Supplement)

22 BY repealing and reenacting, without amendments,
23 Article – Insurance
24 Section 14–126(a)
25 Annotated Code of Maryland
26 (2017 Replacement Volume and 2018 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Article – Insurance
3 Section 14–126(b)
4 Annotated Code of Maryland
5 (2017 Replacement Volume and 2018 Supplement)

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

8 **Article – Health – General**

9 19–713.

10 (a) (1) Each health maintenance organization shall file with the
11 Commissioner and pay the applicable filing fee as provided in § 2–112 of the Insurance
12 Article, before they become effective:

13 (i) All rates that the health maintenance organization charges
14 subscribers or groups of subscribers; and

15 (ii) The form and content of each contract between the health
16 maintenance organization and its subscribers or groups of subscribers.

17 (2) (i) A health maintenance organization that offers a health benefit
18 plan, as defined in § 11–601 of the Insurance Article, is subject to Title 11, Subtitle 6 of the
19 Insurance Article for the health benefit plan.

20 (ii) If the provisions of Title 11, Subtitle 6 of the Insurance Article
21 conflict with the provisions of this section, the provisions of Title 11, Subtitle 6 of the
22 Insurance Article shall prevail.

23 (e) (1) If within 60 days after a filing made pursuant to this section, the
24 Commissioner finds the filing does not meet the requirements of subsection (f) of this
25 section, the filer shall be sent notice of disapproval specifying in what respects the
26 Commissioner finds that the filing fails to meet the requirements of this section and stating
27 that the filing shall not become effective.

28 (2) **THE COMMISSIONER MAY EXTEND THE INITIAL REVIEW PERIOD**
29 **DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION FOR UP TO AN ADDITIONAL 30**
30 **DAYS IF THE COMMISSIONER GIVES NOTICE TO THE HEALTH MAINTENANCE**
31 **ORGANIZATION OF THE EXTENSION BEFORE THE INITIAL REVIEW PERIOD ENDS.**

32 (3) The Commissioner may not issue a notice of disapproval of a filing
33 under subsection (f) of this section without a statutory or regulatory basis for the
34 disapproval and an explanation of the application of the statutory or regulatory basis which
35 resulted in the disapproval.

1 (g) (1) Except as provided in paragraph (2) of this subsection, unless the
2 Commissioner disapproves a filing under this section, the filing becomes effective:

3 (I) 60 days after the office of the Commissioner receives the filing;

4 (II) IF THE COMMISSIONER EXTENDS THE REVIEW PERIOD
5 UNDER SUBSECTION (E)(2) OF THIS SECTION, ON THE DATE SPECIFIED IN THE
6 NOTICE REQUIRED UNDER SUBSECTION (E)(2) OF THIS SECTION; or [on]

7 (III) ON any other date that the Commissioner sets.

8 (2) The Commissioner may adopt regulations to allow a type or kind of form
9 to be effective upon receipt of the filing by the Commissioner.

10 (3) If a health maintenance organization uses a form which becomes
11 effective in accordance with the provisions of paragraph (2) of this subsection and the form
12 would be subject to disapproval under subsection (f) of this section, the Commissioner may:

13 (i) Subsequently disapprove the form; and

14 (ii) Find the health maintenance organization to be in violation of §
15 19-729 of this subtitle and impose a penalty as provided in § 19-730 of this subtitle.

16 (4) If a health maintenance organization files a form with the
17 Commissioner which becomes effective in accordance with the provisions of paragraph (2)
18 of this subsection, the health maintenance organization shall pay the applicable filing fee
19 provided in § 2-112 of the Insurance Article.

20 Article – Insurance

21 14-126.

22 (a) (1) A corporation subject to this subtitle may not amend its certificate of
23 incorporation, bylaws, or the terms and provisions of contracts issued or proposed to be
24 issued to subscribers to the plan until the proposed amendments have been submitted to
25 and approved by the Commissioner and the applicable fees required by § 2-112 of this
26 article have been paid.

27 (2) (i) A corporation subject to this subtitle may not change the table of
28 rates charged or proposed to be charged to subscribers for a form of contract issued or to be
29 issued for health care services until the proposed change has been submitted to and
30 approved by the Commissioner.

31 (ii) 1. A nonprofit health service plan that offers a health benefit
32 plan, as defined in § 11-601 of this article, is subject to Title 11, Subtitle 6 of this article

1 for the health benefit plan.

2 2. If the provisions of Title 11, Subtitle 6 of this article
3 conflict with the provisions of this section, the provisions of Title 11, Subtitle 6 of this article
4 shall prevail.

5 (3) The Commissioner shall approve an amendment to the articles of
6 incorporation or bylaws under paragraph (1) of this subsection unless the Commissioner
7 determines the amendment is contrary to the public interest.

8 (b) (1) (i) An amendment may not take effect until 60 days after it is filed
9 with the Commissioner.

10 **(II) THE COMMISSIONER MAY EXTEND THE INITIAL WAITING**
11 **PERIOD DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR UP TO AN**
12 **ADDITIONAL 30 DAYS IF THE COMMISSIONER GIVES TO A CORPORATION SUBJECT**
13 **TO THIS SUBTITLE NOTICE OF THE EXTENSION BEFORE THE INITIAL WAITING**
14 **PERIOD ENDS.**

15 [(ii)] **(III)** If an amendment is not accompanied by the information
16 needed to support it and the Commissioner does not have sufficient information to
17 determine whether the filing meets the requirements of this section, the Commissioner
18 shall require the nonprofit health service plan to provide the needed information.

19 [(iii)] **(IV)** If the Commissioner requires additional information, the
20 waiting period under this paragraph shall begin again on the date the needed information
21 is provided.

22 [(iv)] **(V)** On written application by the nonprofit health service
23 plan, the Commissioner may authorize an amendment that the Commissioner has reviewed
24 to become effective before the expiration of the waiting period or any extension of the
25 waiting period or at a later date.

26 (2) A filing is deemed approved unless disapproved by the Commissioner
27 within the waiting period or any extension of the waiting period.

28 (3) (i) The Commissioner shall disapprove or modify the proposed
29 change if:

30 1. the table of rates appears by statistical analysis and
31 reasonable assumptions to be inadequate, unfairly discriminatory, or excessive in relation
32 to benefits; or

33 2. the form contains provisions that are unjust, unfair,
34 inequitable, inadequate, misleading, or deceptive or encourage misrepresentations of the
35 coverage.

1 (ii) In determining whether to disapprove or modify the form or table
2 of rates, the Commissioner shall consider, to the extent appropriate:

- 3 1. past and prospective loss experience within and outside
4 the State;
- 5 2. underwriting practice and judgment;
- 6 3. a reasonable margin for reserve needs;
- 7 4. past and prospective expenses, both countrywide and
8 those specifically applicable to the State; and
- 9 5. any other relevant factors within and outside the State.

10 (4) On the adoption of an amendment or change, after approval by the
11 Commissioner, the corporation shall file with the Commissioner a copy of the amendment
12 or change that has been certified by at least two executive officers of the corporation.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2019.