

SENATE BILL 621

C3
SB 527/20 – FIN

11r2737
CF HB 634

By: **Senator Edwards**

Introduced and read first time: January 29, 2021

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Association Health Coverage Plans**

3 FOR the purpose of clarifying that, for purposes of provisions of law concerning health
4 insurance, a chamber of commerce may be considered an association; repealing
5 certain provisions of law that apply certain provisions of law governing small group
6 market plans to health benefit plans offered by certain entities; altering a certain
7 definition; defining a certain term; making certain conforming changes; making a
8 technical correction; providing for the application of this Act; providing for a delayed
9 effective date; and generally relating to health insurance and associations.

10 BY repealing and reenacting, with amendments,

11 Article – Insurance

12 Section 11–601(d)(1), 15–302(c) and (d)(2), 15–1201(i)(2), and 15–1202

13 Annotated Code of Maryland

14 (2017 Replacement Volume and 2020 Supplement)

15 BY repealing and reenacting, without amendments,

16 Article – Insurance

17 Section 15–302(a) and 15–1201(i)(1)

18 Annotated Code of Maryland

19 (2017 Replacement Volume and 2020 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

21 That the Laws of Maryland read as follows:

22 **Article – Insurance**

23 11–601.

24 (d) (1) “Health benefit plan” means[:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) a health insurance contract, a nonprofit health service plan
2 contract, or a health maintenance organization contract that includes benefits for medical
3 care]; or

4 (ii) a certificate of health insurance issued or delivered to a
5 Maryland resident under a contract issued to an association located in the State or any
6 other state].

7 15–302.

8 (a) Group health insurance is health insurance issued to persons specified in this
9 section to cover the groups of individuals described in this section, with or without their
10 dependents or family members, or to cover their dependents or family members.

11 (c) (1) In this subsection[,]:

12 (I) “ASSOCIATION” MAY INCLUDE A LABOR UNION OR A
13 CHAMBER OF COMMERCE; AND

14 (II) “employee” may include a retired employee.

15 (2) A policy of group health insurance may be issued to an association
16 [, including a labor union,] that has a constitution and bylaws and that is organized and
17 maintained in good faith for purposes other than that of obtaining insurance, to cover
18 members, employees, or employees of members of the association for the benefit of persons
19 other than the association or its officers or trustees.

20 (d) (2) A policy of group health insurance may be issued to the trustees of a
21 fund established by two or more employers in the same or related industry, by one or more
22 labor unions, by one or more employers and one or more labor unions, or by an association
23 described in subsection [(b)] (C) of this section, to cover employees of the employers,
24 members of the unions, members of the association, or employees of members of the
25 association, for the benefit of persons other than the employers, unions, or association.

26 15–1201.

27 (i) (1) “Health benefit plan” means:

28 (i) a policy or certificate for hospital or medical benefits issued by
29 an insurer;

30 (ii) a nonprofit health service plan contract; or

31 (iii) a health maintenance organization subscriber or group master
32 contract.

1 (2) “Health benefit plan” includes a policy or certificate for hospital or
2 medical benefits that covers residents of this State who are eligible employees and that is
3 issued through[:

4 (i) a multiple employer trust or association located in this State or
5 another state; or

6 (ii)] a professional employer organization, coemployer, or other
7 organization located in this State or another state that engages in employee leasing.

8 15–1202.

9 **[(a)]** This subtitle applies only to a health benefit plan that:

10 (1) covers eligible employees of small employers in the State; and

11 (2) is issued or renewed on or after July 1, 1994, if:

12 (i) any part of the premium or benefits is paid by or on behalf of the
13 small employer;

14 (ii) any eligible employee or dependent is reimbursed, through wage
15 adjustments or otherwise, by or on behalf of the small employer for any part of the
16 premium;

17 (iii) the health benefit plan is treated by the employer or any eligible
18 employee or dependent as part of a plan or program under the United States Internal
19 Revenue Code, 26 U.S.C. § 106, § 125, or § 162; or

20 (iv) the small employer allows eligible employees to pay for the
21 health benefit plan through payroll deductions.

22 **[(b)]** This subtitle applies to any health benefit plan offered by an association, a
23 professional employer organization, or any other entity, including a plan issued under the
24 laws of another state, if the health benefit plan covers eligible employees of one or more
25 small employers and meets the requirements of subsection (a) of this section.]

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
27 policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or
28 after January 1, 2022.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 January 1, 2022.