

# HOUSE BILL 292

C3

8lr1356

---

By: **Delegate Wivell**

Introduced and read first time: January 22, 2018

Assigned to: Health and Government Operations

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Group Health Benefit Plans – Disclosure of Information**

3 FOR the purpose of requiring certain health insurance carriers to provide to the  
4 policyholder or plan sponsor of a group health benefit plan a renewal premium rate  
5 calculation statement at least a certain number of days before the date of renewal of  
6 the group health benefit plan; requiring that the statement include certain  
7 information; altering the definition of “large employer” for purposes of provisions of  
8 insurance law relating to the disclosure of certain aggregate incurred claims to a  
9 large employer under certain circumstances to mean an employer that, during the  
10 immediately preceding calendar year, employed an average of more than a certain  
11 number of employees; providing for the application of this Act; providing for a  
12 delayed effective date; and generally relating to group health benefit plans.

13 BY repealing and reenacting, with amendments,

14 Article – Insurance  
15 Section 15–1408 and 15–1411  
16 Annotated Code of Maryland  
17 (2017 Replacement Volume)

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

20 **Article – Insurance**

21 15–1408.

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

24 (1) for nonpayment of the required premium;

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

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

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

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

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

26 **(1) THE PROJECTED PREMIUM RATE FOR THE RENEWAL PLAN**  
27 **YEAR AND THE FACTORS ON WHICH THE PROJECTED PREMIUM RATE IS BASED,**  
28 **INCLUDING:**

29 **1. INCURRED CLAIMS;**

30 **2. THE VALUE OF BENEFIT CHANGES;**

31 **3. THE TREND FACTOR;**

1                   4.     PROJECTED CLAIMS BASED ON THE CLAIMS AND  
2 DEMOGRAPHIC EXPERIENCE OF THE GROUP; AND

3                   5.     ANY FEES, CHARGES, TAXES, COMMISSIONS,  
4 ASSESSMENTS, AND OTHER COSTS; AND

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

8 15-1411.

9           (a)    (1)    In this section the following words have the meanings indicated.

10                   (2)    "Aggregate incurred claims" means the total claims incurred in the  
11 experience period that the carrier uses to experience rate a large employer's health benefit  
12 plan.

13                   (3)    "Experience rating" means that a carrier develops the premium rates  
14 for an employer's health benefit plan based in whole or in part on the claims experience of  
15 the group that consists of the employer's employees or employees' dependents.

16                   (4)    "Large employer" means an employer that [is not a small employer as  
17 defined in § 31-101 of this article], **DURING THE IMMEDIATELY PRECEDING CALENDAR**  
18 **YEAR, EMPLOYED AN AVERAGE OF MORE THAN 50 EMPLOYEES.**

19           (b)    If a carrier is experience rating a large employer's health benefit plan, the  
20 carrier shall disclose the aggregate incurred claims of the group to the large employer  
21 within 30 days after receipt of a request from the large employer.

22           (c)    The aggregate incurred claims required to be disclosed under subsection (b) of  
23 this section shall be provided in a format that complies with the privacy requirements of  
24 the federal Health Insurance Portability and Accessibility Act.

25           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
26 policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or  
27 after January 1, 2019.

28           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 January 1, 2019.