

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 124

(Delegates Hammen and Wivell)

Health and Government Operations

Finance

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**Health Insurance - Large Employers - Disclosure of Aggregate Incurred Claims**

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This bill requires a health insurance carrier that is “experience rating” a large employer’s health benefit plan 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 of aggregate incurred claims must be provided in a format that complies with privacy requirements under the federal Health Insurance Portability and Accessibility Act.

The bill takes effect June 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**

**Bill Summary:** “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.

**Current Law:** Carriers must renew group health benefit plans at the option of the policyholder or plan sponsor with noted exceptions, which include 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 that 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.

The Maryland Insurance Administration receives complaints from employers regarding the refusal of certain carriers to provide requested information about aggregate incurred claims. Under the bill, a large group employer can receive this information by requesting it from the carrier.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 212 (Senators Middleton and Serafini) – Finance.

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

**Fiscal Note History:** First Reader - January 25, 2016  
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