

# SENATE BILL 50

C3

9lr0079

(PRE-FILED)

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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

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Committee Report: Favorable

Senate action: Adopted

Read second time: February 4, 2019

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## CHAPTER \_\_\_\_\_

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)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, without amendments,  
2 Article – Insurance  
3 Section 14–126(a)  
4 Annotated Code of Maryland  
5 (2017 Replacement Volume and 2018 Supplement)

6 BY repealing and reenacting, with amendments,  
7 Article – Insurance  
8 Section 14–126(b)  
9 Annotated Code of Maryland  
10 (2017 Replacement Volume and 2018 Supplement)

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

13 **Article – Health – General**

14 19–713.

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

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

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

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

25 (ii) If the provisions of Title 11, Subtitle 6 of the Insurance Article  
26 conflict with the provisions of this section, the provisions of Title 11, Subtitle 6 of the  
27 Insurance Article shall prevail.

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

33 (2) **THE COMMISSIONER MAY EXTEND THE INITIAL REVIEW PERIOD**  
34 **DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION FOR UP TO AN ADDITIONAL 30**  
35 **DAYS IF THE COMMISSIONER GIVES NOTICE TO THE HEALTH MAINTENANCE**

1 **ORGANIZATION OF THE EXTENSION BEFORE THE INITIAL REVIEW PERIOD ENDS.**

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

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

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

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

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

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

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

18 (i) Subsequently disapprove the form; and

19 (ii) Find the health maintenance organization to be in violation of §  
20 19–729 of this subtitle and impose a penalty as provided in § 19–730 of this subtitle.

21 (4) If a health maintenance organization files a form with the  
22 Commissioner which becomes effective in accordance with the provisions of paragraph (2)  
23 of this subsection, the health maintenance organization shall pay the applicable filing fee  
24 provided in § 2–112 of the Insurance Article.

25 **Article – Insurance**

26 14–126.

27 (a) (1) A corporation subject to this subtitle may not amend its certificate of  
28 incorporation, bylaws, or the terms and provisions of contracts issued or proposed to be  
29 issued to subscribers to the plan until the proposed amendments have been submitted to  
30 and approved by the Commissioner and the applicable fees required by § 2–112 of this  
31 article have been paid.

32 (2) (i) A corporation subject to this subtitle may not change the table of

1 rates charged or proposed to be charged to subscribers for a form of contract issued or to be  
2 issued for health care services until the proposed change has been submitted to and  
3 approved by the Commissioner.

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

7 2. If the provisions of Title 11, Subtitle 6 of this article  
8 conflict with the provisions of this section, the provisions of Title 11, Subtitle 6 of this article  
9 shall prevail.

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

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

15 **(II) THE COMMISSIONER MAY EXTEND THE INITIAL WAITING**  
16 **PERIOD DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR UP TO AN**  
17 **ADDITIONAL 30 DAYS IF THE COMMISSIONER GIVES TO A CORPORATION SUBJECT**  
18 **TO THIS SUBTITLE NOTICE OF THE EXTENSION BEFORE THE INITIAL WAITING**  
19 **PERIOD ENDS.**

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

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

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

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

33 (3) (i) The Commissioner shall disapprove or modify the proposed  
34 change if:

35 1. the table of rates appears by statistical analysis and

1 reasonable assumptions to be inadequate, unfairly discriminatory, or excessive in relation  
2 to benefits; or

3                                   2.     the form contains provisions that are unjust, unfair,  
4 inequitable, inadequate, misleading, or deceptive or encourage misrepresentations of the  
5 coverage.

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

8                                   1.     past and prospective loss experience within and outside  
9 the State;

10                                  2.     underwriting practice and judgment;

11                                  3.     a reasonable margin for reserve needs;

12                                  4.     past and prospective expenses, both countrywide and  
13 those specifically applicable to the State; and

14                                  5.     any other relevant factors within and outside the State.

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

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.