

# SENATE BILL 527

C3  
SB 665/19 – FIN

0lr2413  
CF 0lr2414

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By: **Senator Edwards**  
Introduced and read first time: January 30, 2020  
Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Policy of Group Health Insurance – Associations**

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; defining a certain  
7 term; making certain conforming changes; making a technical correction; providing  
8 for the application of this Act; providing for a delayed effective date; and generally  
9 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 2019 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 2019 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[:

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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, 2021.

29       SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 January 1, 2021.