

SENATE BILL 703

C3

5lr2528
CF 5lr1382

By: **Senator Middleton**

Introduced and read first time: February 6, 2015

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Medical Stop–Loss Insurance – Small Employers**

3 FOR the purpose of altering, with a certain exception, certain attachment points above
4 which a medical stop–loss insurer assumes certain liability for losses incurred by an
5 insured; applying the altered attachment points to renewal of a policy or contract of
6 medical stop–loss insurance; prohibiting a medical stop–loss insurer, for a certain
7 policy or contract, from taking certain actions; requiring a medical stop–loss insurer,
8 for a certain policy or contract, to guarantee certain rates, pay certain claims within
9 a certain period, and disclose certain information to a small employer; requiring a
10 medical stop–loss insurer, on or before a certain date each year, to file a certain
11 actuarial certification with the Maryland Insurance Commissioner; providing for the
12 application of this Act; defining a certain term; making a certain conforming change;
13 and generally relating to medical stop–loss insurance.

14 BY repealing and reenacting, with amendments,
15 Article – Insurance
16 Section 15–129
17 Annotated Code of Maryland
18 (2011 Replacement Volume and 2014 Supplement)

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

21 **Article – Insurance**

22 15–129.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2) “Aggregate attachment point” means the percentage of expected claims in a policy year above which the medical stop–loss insurer assumes all or part of the liability for losses incurred by the insured.

(3) “Carrier” means:

(i) an insurer; or

(ii) a nonprofit health service plan.

(4) “Expected claims” means the amount of claims that, in the absence of medical stop–loss insurance, are projected to be incurred by the insured using reasonable and accepted actuarial principles.

(5) “Medical stop–loss insurance” means insurance, other than reinsurance, that is purchased by a person, other than a carrier or a health care provider, to protect the person against catastrophic, excess, or unexpected losses incurred by that person’s obligations to third parties under the terms of a health benefit plan.

(6) “Medical stop–loss insurer” means a carrier that is authorized to sell, issue, and deliver policies of medical stop–loss insurance in the State.

(7) “SMALL EMPLOYER” HAS THE MEANING STATED IN § 31–101 OF THIS ARTICLE.

[(7)] (8) “Specific attachment point” means the dollar amount in losses attributable to a single individual in a policy year beyond which the medical stop–loss insurer assumes all or part of the liability for losses incurred by the insured.

(b) **[This] SUBJECT TO SUBSECTION (D)(2) OF THIS SECTION, THIS** section applies to each medical stop–loss insurer and each medical stop–loss insurance policy or contract that is delivered or issued for delivery in the State.

(c) Medical stop–loss insurance may only be sold, issued, or delivered in the State by a carrier that holds a certificate of authority issued by the Commissioner that authorizes the carrier to engage in the business of health insurance or to act as a nonprofit health service plan.

(d) **(1) [A] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A** medical stop–loss insurer may not issue, **RENEW**, deliver, or offer a policy or contract of medical stop–loss insurance, if the policy has:

[(1)] (I) a specific attachment point of less than **[\$10,000] \$40,000**; or

[(2)] (II) an aggregate attachment point of less than **[115%] 125%** of expected claims.

1 **(2) THIS SUBSECTION DOES NOT APPLY TO:**

2 **(I) A POLICY OR CONTRACT OF MEDICAL STOP-LOSS**
3 **INSURANCE ISSUED OR DELIVERED BEFORE JANUARY 1, 2015, IF THE POLICY OR**
4 **CONTRACT MAINTAINS:**

5 **1. A SPECIFIC ATTACHMENT POINT OF NO LESS THAN**
6 **\$10,000; AND**

7 **2. AN AGGREGATE ATTACHMENT POINT OF NO LESS**
8 **THAN 115% OF EXPECTED CLAIMS; OR**

9 **(II) A RENEWAL OF A POLICY OR CONTRACT DESCRIBED IN ITEM**
10 **(I) OF THIS PARAGRAPH.**

11 **(E) FOR A STOP-LOSS INSURANCE POLICY OR CONTRACT ISSUED TO A**
12 **SMALL EMPLOYER, A MEDICAL STOP-LOSS INSURER MAY NOT:**

13 **(1) INCREASE COST SHARING OR DECREASE OR REMOVE STOP-LOSS**
14 **COVERAGE FOR A SPECIFIC INDIVIDUAL WITHIN A SMALL EMPLOYER'S HEALTH**
15 **BENEFIT PLAN; OR**

16 **(2) EXCLUDE ANY EMPLOYEE OR DEPENDENT FROM A POLICY OR**
17 **CONTRACT ON THE BASIS OF AN ACTUAL OR EXPECTED HEALTH STATUS-RELATED**
18 **FACTOR OR CONDITION, INCLUDING:**

19 **(I) PHYSICAL OR MENTAL ILLNESS;**

20 **(II) CLAIMS EXPERIENCE;**

21 **(III) MEDICAL HISTORY;**

22 **(IV) RECEIPT OF HEALTH CARE;**

23 **(V) GENETIC INFORMATION;**

24 **(VI) DISABILITY;**

25 **(VII) EVIDENCE OF INSURABILITY, INCLUDING CONDITIONS**
26 **ARISING OUT OF ACTS OF DOMESTIC VIOLENCE AGAINST AN EMPLOYEE OR**
27 **DEPENDENT; OR**

1 (VIII) ANY OTHER HEALTH STATUS-RELATED FACTOR AS
2 DETERMINED BY THE COMMISSIONER.

3 (F) FOR A STOP-LOSS INSURANCE POLICY OR CONTRACT ISSUED TO A
4 SMALL EMPLOYER, A MEDICAL STOP-LOSS INSURER SHALL:

5 (1) GUARANTEE RATES FOR AT LEAST 12 MONTHS, WITHOUT
6 ADJUSTMENT, UNLESS THERE IS A CHANGE IN THE BENEFITS PROVIDED UNDER THE
7 SMALL EMPLOYER'S HEALTH BENEFIT PLAN DURING THE POLICY OR CONTRACT
8 PERIOD;

9 (2) PAY STOP-LOSS CLAIMS INCURRED DURING THE POLICY OR
10 CONTRACT PERIOD AND SUBMITTED WITHIN 12 MONTHS AFTER THE EXPIRATION
11 DATE OF THE POLICY OR CONTRACT; AND

12 (3) DISCLOSE TO THE SMALL EMPLOYER, IN A FORM AND MANNER
13 APPROVED BY THE COMMISSIONER AND BEFORE ENTERING INTO A POLICY OR
14 CONTRACT FOR MEDICAL STOP-LOSS INSURANCE:

15 (I) THE TOTAL COSTS OF THE POLICY OR CONTRACT;

16 (II) 1. THE DATES ON WHICH THE POLICY OR CONTRACT
17 TAKES EFFECT AND TERMINATES; AND

18 2. PROVISIONS FOR RENEWING THE POLICY OR
19 CONTRACT;

20 (III) THE AGGREGATE ATTACHMENT POINT AND THE SPECIFIC
21 ATTACHMENT POINT FOR THE POLICY OR CONTRACT; AND

22 (IV) ANY LIMITATIONS ON COVERAGE.

23 [(e)] (G) A medical stop-loss insurer who offers or issues a medical stop-loss
24 insurance policy OR CONTRACT that does not meet the requirements of this section shall
25 be subject to the sanctions set forth in § 4-113 of this article for authorized insurers and §
26 4-212 of this article for unauthorized insurers.

27 (H) ON OR BEFORE APRIL 1 OF EACH YEAR, A MEDICAL STOP-LOSS INSURER
28 SHALL FILE WITH THE COMMISSIONER, IN A FORM AND MANNER APPROVED BY THE
29 COMMISSIONER, AN ACTUARIAL CERTIFICATION THAT THE INSURER IS IN
30 COMPLIANCE WITH THE MINIMUM ATTACHMENT POINTS SPECIFIED IN THIS
31 SECTION.

32 [(f)] (I) Nothing in this section shall be construed as:

1 (1) imposing any requirement or duty on any person other than a carrier;
2 or

3 (2) treating any medical stop-loss insurance policy as a policy of individual,
4 group, or blanket health insurance covering the participants in the underlying health
5 benefit plan.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
7 medical stop-loss insurance policies and contracts issued, delivered, or renewed in the
8 State on or after June 1, 2015.

9 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June
10 1, 2015.