

# Maryland

Maryland Insurance Division  
525 St. Paul Place  
Baltimore, MD 21212  
(410) 468-2387

## Summary of Important Regulations

MEWA Regulations .....	No
TPA Regulations .....	Yes
Stop-Loss Regulations .....	Yes
UR Regulations .....	Yes

## NAIC Model Laws or Regulations

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Health Insurance Reserves Model Regulation	None	Md. Ann. Code Ins. § 5-203
Comprehensive Health Ins. Cost Containment Model Act	None	None
Standardized Health Claims Form Model Regulation	Md. Admin. Code §§ 31.10.11.01 to 31.10.11.07	Md. Ann. Code Ins. § 15-1002 to 15-1003; tit. 19 § 1508
Small Employer Health Insurance Availability Model Law	None	Md. Ann. Code Ins. §§ 15-1201 to 15-1225; §§ 15-1301 to 15-1312
Model Regulation To Eliminate Unfair Sex Discrimination	None	None
Health Information Privacy Model Law	None	None
Preferred Provider Arrangements Model Law	None	Md. Ann. Code art 50 §§ 655 to 660
Utilization Review Model Law	None	None
Managed Care Plan Network Adequacy Model Law	None	None
Third Party Administrator Law	None	Md. Ann. Code Ins. § 8-301 to 8-322
Stop-loss Insurance Model Law Maryland	Md. Ann. Code Ins. § 15-126 2	None

## NAIC Model Laws or Regulations

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Jurisdiction of Health Care Providers Model Law	None	None
Standard Group Health Model Law	None	Md. Ann. Code Ins. §§ 15-301 to 15-415
Group Health Insurance Mandatory Conversion Law	None	Md. Ann. Code art 48A §§ 477K 477N; Md. Admin. Code §§ 31.11.01 to 31.11.01.17
Group Coverage Discontinuance/ Replacement Model Regulation	None	None
Premium Rates and Renewability of Coverage-Small Groups	None	Md. Ann. Code Ins. §§ 1501 to 15-1225
Group Coordination of Benefits Model Law	None	Md. Ann. Code Ins. § 15-104
Model Regulation for Certification of Health Plans	None	None
Off-Label Drug Use Model Law	None	Md. Ann. Code Ins. § 15-804
Group Health Mandatory Drug/ Alcohol Dependency Law	None	Md. Ann. Code Ins. § 15-802
Model Newborn Children's Law	Md. Ann. Code Ins. § 15-401	None

Health Examination Benefits Availability Law	Md. Ann. Code Ins. § 15-817	None
---	--------------------------------	------

## NAIC Model Laws or Regulations

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Accident and Sickness Insurance Minimum Standards Model Law	None	Md. Ann. Code Ins. § 12-102
Agents and Brokers Licensing Model Law	None	Md. Ann. Code Ins. §§ 10-101 to 10-132
MEWA Licensing Model Law	None	None
Managing General Agents Law	Md. Ann Code Ins. § 8-201 to 8-213	None
Health Maintenance Organization Model Law	None	Md. Ann. Code art 19 §§ 701 to 734, Md. Admin. Code § 31.12.06.01
Insurance Information and Privacy Protection Law	None §§ 1 to 22	None
Unfair Trade Practices Law	Md. Ann. Code. Ins. §§ 27-101 to 27-219	None
Model Regulation on Unfair Discrimination in Life and Health Insurance on the Basics of Physical or Mental Impairment	None	Md. Ann. Code Ins. § 27-208
Model Regulation on Unfair Discrimination in Life and Health Insurance on the Basics of Total or Partial Blindness	None	Md. Ann. Code Ins. § 27-208

## NAIC Model Laws or Regulations

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Unfair Discrimination against Subjects of Domestic Abuse in Health Benefit Plans Model Law	None	Md. Ann. Code Ins. § 27-504
Unfair Claims Settlement Practices Law	Md. Ann. Code Ins. §§ 27-301 to 27-306	None
Improper Termination Practices Law	None	None
Employee Leasing Registration Model Law	None	None
Private Employer Workers' Compensation Group Self- Insurance Model Law	None	Md. Ann. Code Ins. §§ 25-301 to 25-308; Md. Admin. Code tit. 9 subtit. 30 ch. 73 §§ .01 to .14
Public Employee Workers' Compensation Group Self- Insurance Model Law	None	Md. Ann. Code art 101 § 16
Twenty Four Hour Coverage Pilot Project Model Law	None	None

## State-Mandates

### **Benefits That Must Be Covered**

- Alcoholism treatment
- Blood products
- Bone mass measurement
- Breast reconstruction
- Chlamydia screening
- Cleft palate
- Clinical trials
- Colorectal cancer screening
- Contraceptives
- Dental anesthesia (for children)
- Diabetic supplies, education
- Drug abuse treatment
- Emergency services
- Formula for PKU
- Hair prostheses (for cancer patients)
- Hearing aids (limited coverage, for children under 18 only)
- Home health care
- Infertility services and/or invitro fertilization
- Mammography screening
- Maternity care
- Mental health, general
- Mental health, parity
- Minimum mastectomy stays
- Minimum maternity stays
- Minimum testicular cancer stays
- Morbid obesity treatment
- Off-label drug use
- Orthotics or prosthetics (breast prostheses only)
- Prostate cancer screening
- Rehabilitation services (for children)
- Second medical and surgical opinion
- Well-child care

### **Benefits That Must Be Offered**

- Alzheimer's disease
- Hospice care

**Persons Who Must Be Allowed Coverage**

- Adopted children
- Continuation/dependents
- Continuation/employees
- Conversion to non-group
- Handicapped dependents
- Newborns

**Providers Who Must Be Covered**

- Chiropractors
- Dentists
- Licensed Health Professionals
- Nurse (anesthetists)
- Nurse Midwives
- Nurse Practitioners
- Nurse Psychiatric
- Occupational Therapists
- Optometrists
- Osteopaths
- Pharmacists
- Physical Therapists
- Physician Assistants
- Podiatrists
- Professional Counselors
- Psychologists
- Social Workers
- Speech/Hearing Therapists

**Coordination of Benefits**

- Birthday Rule?
- Divorced/Separated Rule?
- Joint Custody Rule?
- Active v. Inactive Rule?
- Longer v. Shorter Rule?
- Managed Care Rule?
- COBRA Rule?
- Preservation Rule?

No regulations are published

**Patient's Bill of Rights Legislation**

None

**High Risk Health Pool**

Maryland

None

**External Grievance System**

Yes – administered by the Maryland Insurance Division

**Basis of Filing Grievance**

Medical necessity

**Status of Decision of Grievance Panel**

Binding

**Prompt Payment of Claim Requirement**

Yes – 30 days for all claims

**Commentary**

- The cost of hospitalization for childbirth where any hospitalization benefits are provided for normal pregnancy, to the same extent as hospitalization benefits provided in the policy for any covered illness.
- Identical benefits, regardless of the marital status, for maternity benefits are provided in the policy for pregnancy and childbirth, whether in the form of disability benefits for medical and surgical care or for hospitalization.
- Disability caused by pregnancy or childbirth, on a mandatory optional basis, wherever the policy provides any benefits for temporary disability to the same extent as benefits applied to any other covered disability.
- Hospice care services
- Alzheimer’s disease and other expenses arising from the care of the elderly, including nursing home care and intermediate or custodial nursing care of victim of any disease designated in regulations promulgated by the Commissioner, on a mandatory option basis.
- A corresponding outpatient service furnished to the insured in lieu of an inpatient service because of a denial, resulting from a utilization review program, of a request by the attending physician for an inpatient admission as an objective second opinion given to the insured when required by utilization review program where the policy covers an inpatient service in an acute general hospital.
- Inpatient or outpatient expenses arising from orthodontic, oral surgery, otologic, audiological and speech/language treatment involved in the management of birth defects known as cleft lip and cleft palate.
- Blood products, both derivatives and components, which would otherwise be covered under the health insurance contract, but not necessarily whole blood or concentrated red blood cells.
- The same coverage for the same diagnostic or surgical procedure, excluding intraoral prosthetic devices, involving any other bone or joint of the skeletal structure, and if under the accepted standards of the profession, the procedure is medically necessary to treat a condition caused by a congenital deformity, disease, or injury.
- Benefits for all outpatient expenses arising from in vitro fertilization procedures performed on the participant or the participant’s dependent spouse, if the policy provides pregnancy-related benefits, where the patient’s oocytes are fertilized with the patient’s spouse’s sperm, the patient and spouse having had a history of infertility of least five years’ duration, associated with endometriosis, exposure in utero to Des, or blockage or surgical removal of both fallopian tubes, and less costly applicable infertility treatments were unsuccessful.
- Reimbursement for pharmaceutical products may not be based on the identity, practicing specialty, or occupation of the authorized prescriber.

- In addition, nonprofit health service plan contracts must provide benefits for prosthetic devices and orthopedic braces.
- An insurer cannot deny health insurance coverage, renewal, or apply a preexisting condition limitation because an insured had a breast implantation.
- Maryland mandates broader coverage for mental illness. The law requires insurance companies to provide benefits for the treatment of mental illness on the same terms that apply to other illnesses. These benefits will be in addition to certain minimum benefits for mental illness already provided for under state law. The law allows for people with health insurance policies and HMO enrollees to waive the extra mental illness coverage and extra cost of it, by signing an approved form. The waiver provision is controversial because it is expected to lead to adverse selection. Group health insurers will be required to include in the items covered for family members child wellness service. At minimum, policies must cover under child wellness services; all immunizations recommended by the Advisory Committee on Immunization Practices of the Center for Disease Control; one visit for a phenylketonuria test between the age of two weeks and four weeks; and all visits for, and the cost of age-appropriate screening test for tuberculosis, anemia, lead toxicity, and hearing and vision adequacy, as recommended by the American Academy of Pediatrics. Policies must also cover, for all the above covered pediatric visits, physical examinations, developmental assessments, parental anticipatory guidance, and laboratory tests considered necessary by the physician.
- Group health insurance policies must provide coverage for certain nutritional supplements designed for the treatment of certain inherited metabolic diseases for which the state screens newborn babies. The supplements must be prescribed as medically necessary for the treatment of the disease and must be administered under the care of a physician.

## **MEWA Regulation**

Maryland does not regulate MEWAs.

## **TPA Regulations**

A TPA registration statute was enacted and made effective January 1, 1992.<sup>1</sup>

- Application fee is \$250. The registration expires on May 1 of each year. The renewal fee for an additional one-year term is \$25.
- A written agreement between the administrator and the plan sponsor or insurer is required. The agreement and general books and records shall be maintained for a period of three years as part of the official records of the administrator.
- Surety Bond Requirements. A surety bond, issued by a surety company authorized to do business in the state of Maryland in the amount of the average fund handled at any one time during the immediately preceding calendar year by the administrator and any predecessor of the administrator, is required. The bond may not be less than 10% of the average amount of the funds the administrator expects to handle at any one time for all the plans expected to be administered during the coming year, and may not be less than \$5,000, nor more than \$500,000. A surety exemption is available for applicants that are (a) corporations, (b) authorized to exercise trust powers or to engage in the business as an insurer, (c) subject to examination by a federal or state authority, and (d) have a combined capital and surplus in excess of \$1 million. An applicant is not required to file evidence of surety bond if the applicant administers only plans under which

the only assets from which benefits are paid are the general assets of an employee organization or an employer.

## Stop-Loss Regulation

Maryland law forbids health insurers from offering employers stop-loss policies with attachment points of less than \$10,000 for specific claims or aggregate attachment points of less than 115% for expected claims.<sup>2</sup>

## Utilization Review Regulations

Agency Responsible <sup>3</sup>	Dept. of Health
Requirements	Licensing-Certification
Exemptions	None
Waivers	None
Comments	Such firm must provide specific criteria and standards used in conducting utilization reviews upon written request by any person or health care facility.

## Miscellaneous

### State Premium Taxes

Commercial insurers are taxed at 2%; Blue Cross pays no premium taxes; HMOs are tax-exempt; except where such benefits are offered by a for-profit commercial insurer. HMOs offered by Blue Cross are tax-exempt.

### Continuation of Coverage and Conversion of Benefits

When coverage is terminated due to a participant's death or involuntary termination, Maryland requires that coverage under the plan must be allowed to continue without evidence of insurability or waiting period for up to 18 months for covered persons.<sup>4</sup> To be eligible, surviving spouses and their dependents must have been covered for 30 days preceding the death. In cases of involuntary job termination, participants must have been covered by the group plan for at least three months preceding the date of termination. The law does not specify any minimum period of prior coverage for spouses and dependents. Maryland requires group health insurance policies to allow anyone whose coverage is terminated under the policy for any reason, except failure to pay the required premiums, to convert to an individual policy without evidence of insurability.

### MSA Legislation

No action.

### Small Group Reform<sup>5</sup>

An employer that have from 2 to 26 full-time employees and has not provided any group health insurance plan during the preceding 24 month period (or since its start of business in the case of an employer that has existed for less than 12 months) may subscribe to a limited benefits policy for its employees.

The issuer of a limited benefits policy has a duty to provide a written statement for any prospective policyholder showing those mandated benefits and non-discrimination provisions not covered by the policy, the

policy's managed care and cost control features, and its primary and preventive care features.

An employer may avail itself of a limited benefits policy for a maximum of three consecutive years, although the policy may be extended an additional two years if the state does not enact a provision to allow for a transition from a limited benefits policy to a nonlimited benefits policy without undue economic hardship. Three months prior to the termination of a limited benefits policy, the insurer must notify the employer and all beneficiaries that it is required to offer a nonlimited benefits policy if the employer applies for it within three months from termination date. The insurer must make the offer without medical underwriting or preexisting condition limitations.

### **Manage Care**

Maryland requires that Health Service Cost Review Commission to develop a statewide fee schedule for physician, diagnostic, laboratory, and non-hospital ambulatory care facility services. Physicians would be prohibited from balance billing patients.

Any change made to a hospital's certified utilization review program must be reported to the Secretary of Health and Mental Hygiene within 30 days of the change.

The Maryland health care statute is aimed at widening access to coverage. The reform law takes aim to curbing increases in provider fees, allows for adoption of community rating and calls for a commission to develop a system to standardize claims processing and establishes performance guidelines for HMOs. The commission's budget will be financed by a tax on health care providers, insurers, and claims administrators. Policies for small groups must use adjusted community rating and guarantee issue and renewal coverage.

## Endnotes

<sup>1</sup> Md. Ann. Code, art. 48A §§ 681, *et. seq.*

<sup>2</sup>

<sup>3</sup> Md. Ann. Code, art. 48A §§ 19, *et. seq.*; Md. Ins. Reg. § 910.07.19.01-12.

<sup>4</sup> Md. Ann. Code, art. 48A §§ 490G and 48A-477K.

<sup>5</sup> Md. Ann. Code, art. 48A §490-0.