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BULLETIN 09-12

Date: May 15, 2009

To: Discount Medical Plan Organizations and Discount Drug Plan Organizations

Re: Code of Maryland Regulations ("COMAR") 31.10.24 - Filing of Nominal Fees
By Discount Medical Plan Organizations and Discount Drug Plan Organizations

January 2, 2009 the Maryland Insurance Administration ("MIA") issued Bulletin 08-36. The Bulletin specified that beginning January 26, 2009, Discount Medical Plan Organizations and Discount Drug Plan Organizations (hereinafter "discount plans") conducting business in the State of Maryland may not retain a *nominal fee* unless the discount plan has filed its nominal fee with the Insurance Commissioner.

Pursuant to COMAR 31.10.24, a nominal fee is the amount a discount plan may keep when a consumer cancels his or her discount plan membership within the first 30 calendar days after the effective date of enrollment. The regulation provides that the nominal fee to be the lesser of \$5.00 (five dollars) or the actual expense incurred by a discount plan to issue a plan member's discount medical plan and/or discount drug plan card. The nominal fee includes the cost of producing and mailing a discount medical plan and/or discount drug plan card to the member.

Instructions for discount plans

A discount plan may file its nominal fee with the Commissioner by completing the appropriate section of the MIA's Discount Medical Plan and Discount Drug Plan Registration Application Form ("Application Form") upon its initial registration with the MIA or upon its registration renewal. The Application Form has been revised to incorporate a discount plan's nominal fee filing and is available on the MIA's web site at:

<http://www.mdinsurance.state.md.us/sa/documents/meddiscountplan-regform-final05-09.pdf>

Instructions concerning the registration of discount plans have also been revised to provide guidance in the registration process and completion of the Application Form. The instructions are found on the MIA's web site at:

<http://www.mdinsurance.state.md.us/sa/documents/meddiscountplans-adminprocedures-final05-09.pdf>

Alternatively, the nominal fee may be filed with the Commissioner in writing by submitting a letter that includes: (1) the amount of the nominal fee to be retained; and (2) the actual expenses incurred for issuing a plan member's discount plan membership card, including the costs of creating and mailing the card. The letter may be sent by mail or by e-mail to:

Thomas Marshall
Compliance and Enforcement
Maryland Insurance Administration
200 St. Paul Place, Suite 2700, Baltimore, MD 21202
tmarshall@mdinsurance.state.md.us

Ralph S. Tyler, Insurance Commissioner

By: _____
Elizabeth Sammis
Deputy Insurance Commissioner
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