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BULLETIN

To: Health Insurers Health Maintenance Organizations, Nonprofit Health Service Plans ("Carriers")

Re: COMAR 31.11.11 Small Employer Group Health Insurance - Disclosure Statement

Date: April 30, 2004

Bulletin: Life and Health 04-8

The purpose of this Bulletin is to alert carriers that new Regulations **.01 - .04** under a new Chapter, **COMAR 31.11.11 Small Employer Group Health Insurance - Disclosure Statement**, will become effective May 10, 2004. Carriers should ensure that their appointed producers are notified of the new Regulations and how to be compliant.

In general, the new Regulations establish a *disclosure statement* to ensure that small employers are offered the Comprehensive Standard Health Benefit Plan ("Standard Plan") pursuant to the requirements of §15-1204 of the Insurance Article. Small employers are defined in §15-1203 of the Insurance Article.

According to the new Regulations, a carrier must obtain a small employer's signature on the disclosure statement at the time of the initial purchase of coverage. The signed disclosure statement may be included on the carrier's sales proposal sheet and is to be maintained by either the carrier or the insurance producer for not less than five (5) years.

The Regulations also establish standards for the form and content of the disclosure statement to be provided at the time of coverage renewal. The notice required for the renewal of coverage must include a disclosure statement that:

- (1) Indicates the Standard Plan is the only plan required by State Law;
- (2) Identifies any additional benefits offered by the carrier at renewal;

- (3) Identifies the cost of any additional benefits offered by the carrier at renewal;
and
- (4) Specifies that all additional benefits offered by the carrier at renewal are not required by State Law.

The required disclosure statement may be included on the renewal notice or on another document.

Questions concerning this Bulletin may be directed to Ms. Leighton Tabron, Chief Life & Health Market Conduct Examiner, Compliance and Enforcement Unit, Maryland Insurance Administration, 525 St. Paul Place, Baltimore, Maryland 21202. Her work phone is 410-468-2233. She may also be contacted by e-mail at ltabron@mdinsurance.state.md.us.

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