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BULLETIN 13-22

Date: July 15, 2013

To: Insurers, Nonprofit Health Service Plans, Association Plans, and Health Maintenance Organizations (“Carriers”) Providing Health Benefit Plans in Maryland, and Maryland Licensed Producers with a Health Line of Authority

Re: Fair Marketing Standards for Captive Producers

The Maryland Health Progress Act of 2013 (Ch. 159, 2013 Acts), among other things, establishes standards relating to captive producers and the new § 31-113(p)(3)(i)(1) of the Insurance Article directs the Maryland Health Benefit Exchange and the Maryland Insurance Administration to jointly develop fair marketing standards by which captive producers authorized to sell plans on the Individual Exchange must disclose specific information to individuals seeking to purchase plans through the Individual Exchange.

A captive producer is defined in § 31-101(c-1) as an insurance producer who:

1. is licensed in the state and authorized by the Commissioner to sell, solicit, or negotiate health insurance;
2. receives an authorization and meets the other requirements set forth in § 31-113(n)(2) of this title;
3. has a current and exclusive appointment with a single carrier; and
4. receives compensation as a captive producer only from that carrier.

Producers who are retained under contract to exclusively sell new plans for a single carrier, but who have additional appointments solely for the collection of residual commissions also are considered captive producers for purposes of this bulletin.

The Maryland Health Benefit Exchange and the Maryland Insurance Administration have jointly developed the following fair marketing standards in accordance with the charge laid out in § 31-113(p)(3)(i)(1) of the Insurance Article, Annotated Code of Maryland. Captive producers holding an insurance producer authorization for the Individual Exchange shall make the following disclosure to all applicants:

"NOTICE OF AVAILABILITY OF HEALTH COVERAGE THROUGH MARYLAND
HEALTH CONNECTION

As a captive producer appointed exclusively by _____ (Carrier),

I am legally obligated to disclose that:

I am only able to provide information about and sell qualified plans offered by _____ (Carrier). Maryland Health Connection offers a variety of qualified plans sold by other carriers that may meet your needs. Maryland Health Connection also performs eligibility determinations for Medicaid. At any time, upon your request, I am required to refer you to an independent authorized insurance agent, the appropriate consumer assistance organization in your region, or the Maryland Health Connection call center; and provide written information about Maryland Health Connection, the consumer assistance program, and the customer service center.”

This disclosure statement shall:

1. Be provided to an applicant before any information or assistance is given with respect to qualified plans offered for sale through the Individual Exchange;
2. Be made on a separate document in at least 12 point font if issued in writing; and
3. Be recorded and stored in a format which can later be recovered, if issued in electronic or telephonic format.

Additionally, a captive producer and the producer’s associated carrier shall retain documentation of the disclosure for three years along with the acknowledgements required by Insurance Article, § 31-113(p)(4)(iii), Annotated Code of Maryland.

Questions concerning this bulletin may be directed to Megan Mason, Special Assistant to the Commissioner for Health Care Reform at megan.mason@maryland.gov.

Signature on original



Thomas L. Marshall
Associate Commissioner, Compliance & Enforcement