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BULLETIN 14-08

To: Insurers, Nonprofit Health Service Plans, Health Maintenance Organizations (collectively, "Carriers"), and Connector Entities (including Partnerships constituting Connector Entities), Navigators, Producers, Application Counselors, and employees of the Maryland Health Benefit Exchange Consolidated Services Center (collectively, "Consumer Assistance Workers")

Re: Inducements, Rebates, or Other Consideration

Date: March 19, 2014

The purpose of this Bulletin is to remind Carriers and Consumer Assistance Workers authorized to enroll consumers in health benefit plans and dental plans of certain prohibited practices under § 27-209 of the Insurance Article, Annotated Code of Maryland,¹ concerning inducements, premium rebates or other forms of valuable consideration not specified in a contract of health insurance or life insurance, or in an annuity contract.

Specifically, under § 27-209(2), a person may not knowingly pay, allow, give or offer to pay, allow, or give directly or indirectly as an inducement to an insurance policy:

- a rebate of premiums;
- a special favor or advantage in the benefits under the policy;
- paid employment or a contract for services of any kind; or
- any valuable consideration or other inducement not specified in the policy.

Section 27-209(4) further provides, "[e]xcept as otherwise expressly provided by law, a person may not knowingly: . . . offer, promise, or give any valuable consideration not specified in the contract, except for educational materials, promotional materials, or articles of merchandise that cost no more than \$25, regardless of whether a policy is purchased."

¹ Unless otherwise noted, all statutory references in this Bulletin are to the Insurance Article, Annotated Code of Maryland.

This means that promotional items valued at more than \$25 may not be offered, promised, or given to consumers at any time, regardless of whether it is in conjunction with plan information. Additionally, items such as gift cards, prizes, raffle tickets and any other items of value may not be paid, allowed, given, or offered as incentive to get consumers to enroll in a plan.

Questions concerning this Bulletin may be directed to the following:

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Signature on original



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Compliance & Enforcement