

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 1
Finance

(Senator Forehand)

**Life Insurance and Annuities - Genetic Tests, Information, and Services -
Prohibited Acts**

This bill prohibits providers of life insurance or annuity contracts from requesting or requiring a genetic test or using specified genetic information to (1) deny or limit life insurance coverage or benefits under an annuity contract; or (2) charge a different rate for the same life insurance or annuity contract. The prohibition does not apply if the use of genetic information is based on sound actuarial principles.

Fiscal Summary

State Effect: Any increase in consumer complaints can be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Insurers, nonprofit health service plans, and health maintenance organizations (carriers) may not use a genetic test or genetic information to reject, deny, limit, cancel, refuse to renew, increase the rates of, or affect the terms and conditions of a health insurance policy or contract. Carriers are also prohibited from requiring a genetic test or using the results from a genetic test in determining whether to issue or renew health insurance. These prohibitions do not apply to life insurance, annuity contracts, long-term care insurance, or disability insurance.

Chapters 631 and 632 of 2008 prohibit carriers that provide long-term care insurance from requesting or requiring a genetic test or using specified genetic information to (1) deny or limit long-term care insurance coverage; or (2) charge a different rate for the same long-term care insurance coverage unless use of the test results or information is based on sound actuarial principles.

Background: The bill applies the same prohibitions to providers of annuities and life insurance that Chapters 631 and 632 of 2008 apply to providers of long-term care insurance. According to the National Conference of State Legislatures, 47 states, including Maryland, have enacted laws pertaining to the use of genetic information in health insurance policy determinations. These various laws prevent health insurers from establishing rules for eligibility based on genetic information, requiring genetic tests and genetic information, using genetic information for risk selection or risk classification, or disclosing genetic information without informed consent.

Although most states have enacted laws restricting the use of genetic information in health insurance policy determinations, fewer states extend this prohibition to life, disability, and long-term care insurance. Seven states require actuarial justification to use genetic information in life insurance policy determinations. Nine states, including Maryland, currently restrict discrimination based on genetic information in long-term care insurance. However, Maryland is not among the 15 states that restrict genetic discrimination in disability insurance.

Additional Information

Prior Introductions: None.

Cross File: HB 2 (Delegate Manno) - Health and Government Operations.

Information Source(s): Congressional Research Service, National Conference of State Legislatures, Maryland Insurance Administration, Department of Legislative Services

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ncs/ljm

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