Maryland Catholic Conference_FAV_SB227.pdf
Uploaded by: Jenny Kraska
Position: FAV

MARYLAND CATHOLIC CONFERENCE

January 24, 2024

SB 227
Health Insurance – Cancellation of Individual Health Benefit Plans - Restriction

Senate Finance Committee

Position: Favorable

The Maryland Catholic Conference (MCC) offers this testimony in support of Senate Bill 227. The Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 227 seeks to prohibit carriers from canceling an individual health benefit plan under specific conditions.

Our faith tradition and teachings emphasize the importance of caring for the health and welfare of others. The intent of this legislation, which prevents the cancellation of an individual health benefit plan if the policyholder has made a premium payment before the end of the grace period and ensures coverage continuation for amounts slightly deficient ($10 or less) promotes a compassionate and understanding approach to the financial challenges that individuals may face.

The MCC believes in the inherent dignity of every individual and recognizes the responsibility we all have to protect the vulnerable in society. This legislation embodies these principles by providing a grace period and allowing policyholders to rectify minor deficiencies within a reasonable timeframe. It reflects a commitment to fairness and understanding and acknowledges that unforeseen circumstances may impact an individual's ability to meet financial obligations in a timely manner.

This legislation promotes not only the physical well-being of individuals but also the dignity and respect they deserve. By protecting health benefit plan coverage in these circumstances, we contribute to society that values the welfare of its members and strives to uphold principles of justice and compassion.

The Conference appreciates your consideration and, for these reasons, respectfully requests a favorable report on Senate Bill 227.

sb227- health insurance termination- FIN 1-24-'24.

Uploaded by: Lee Hudson

Position: FAV

Delaware-Maryland Synod
Evangelical Lutheran Church in America
God's work. Our hands.

Testimony Prepared for the
Finance Committee
on
Senate Bill 227
January 24, 2024
Position: **Favorable**

Madam Chair and members of the Committee, thank you for the opportunity to speak in favor of access to health care in Maryland. I am Lee Hudson, assistant to the bishop for public policy in the Delaware-Maryland Synod, Evangelical Lutheran Church in America, a faith community with congregations in every region of our State.

Our community has advocated for access to appropriate, adequate, and affordable health care for all people in the United States since 2003.

We support **Senate Bill 227** because it may keep a cohort of medically insured Marylanders covered. This bill essentially aligns Maryland regulation of carriers with a federal provision for cancellation of healthcare policies due to non-payment.

Cancellations are currently possible for rather minor arrearages. Providing time for accounts to settle acceptably may keep more of the insured covered, and Maryland's uninsured fewer.

We ask your favorable report.

Lee Hudson

5699 Meridale Rd. Baltimore, MD 21228 410-230-2860 800-869-5492 fax 410-230-2871

Final SB 227 - MIA - FAV.pdf
Uploaded by: Mary Kwei
Position: FAV

WES MOORE
Governor

ARUNA MILLER
Lt. Governor

KATHLEEN A. BIRRANE
Commissioner

TAMMY R. J. LONGAN
Acting Deputy Commissioner

Maryland
INSURANCE ADMINISTRATION

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2471 Fax: 410-468-2020
1-800-492-6116 TTY: 1-800-735-2258
www.insurance.maryland.gov

Date: **January 24, 2024**

Bill # / Title: **Senate Bill 227 – Health Insurance – Cancellation of Individual Health Benefit Plans – Restriction**

Committee: **Senate Finance Committee**

Position: **Support**

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support of Senate Bill 227, which is a Departmental bill.

Senate Bill 227 protects consumers and carriers by limiting the circumstances in which an insurance carrier may terminate an individual health benefit plan - both on and off of the Health Benefit Exchange - due to a premium deficiency of $10 or less, 30 days after written notice.

While not a widespread issue, the MIA has encountered circumstances where policies have been terminated when premium payments were short by a minor amount - even as low as pennies. When policies are terminated due to non-payment, then the individual or family covered by the policy cannot obtain another individual policy until the next open enrollment period for the following January 1.

In 2022, 242,163 Marylanders were covered by individual health benefit plans; of these, 72.9% were sold on the Exchange. 45 C.F.R. § 155.400 permits Exchanges to allow carriers to implement a policy under which issuers can consider enrollees to have paid all amounts due if the enrollees have met a threshold, set by the carrier, of a percentage due. If the threshold is met, then the carrier may consider that the enrollee has paid in full, and not triggered a grace period or termination for nonpayment of premium. Carriers have inconsistent policies, and the option does not currently exist off of the Exchange. If a policyholder owes only a dollar, and the carrier's threshold is 2%, then a policyholder who mistakenly enters $0.10 into their bill payment screen would be terminated.

The Maryland Insurance Administration believes that setting a deficiency limit of $10 or less balances the practical and economic effects on consumers and carriers by:

1) Protecting consumers who inadvertently underpay their premium by a de minimis amount by preventing termination of their policy, under certain circumstances.
2) Protecting consumers who seek to cancel their policies by stopping payment by requiring that some payments be made.

3) Protecting carriers from having to keep a policy active even though premium payments have not been paid at all.
4) Protecting carriers by limiting how often and how long a shortage may occur.
5) The proposal seeks to ensure that the amount of the underpayment is minimal.

Senate Bill 227 intends to protect policyholders who have limited options if a policy lapses due to the limited times when enrollment in a new policy is permitted, while not unduly burdening carriers.

For these reasons, the MIA urges a favorable committee report on Senate Bill 227 and thanks the Committee for the opportunity to share its support.

2024 MCHS SB 227 Senate Side FAV.pdf
Uploaded by: Michael Paddy
Position: FAV

Maryland Community Health System

Committee: **Senate Finance Committee**

Bill: **Senate Bill 227 – Health Insurance – Cancellation of Individual Health Benefit Plans – Restriction**

Hearing Date: **January 24, 2024**

Position: **Support**

The Maryland Community Health System (MCHS) supports Senate Bill 227 – Health Insurance – Cancellation of Individuals Health Benefit Plans – Restriction. Maryland Community Health System is a network of federally qualified health centers across the state whose mission is to provide care to underserved communities. MCHS supports legislative initiatives that remove barriers to access to care.

This bill prohibits health insurance carriers from canceling an individual health benefit plan if the policyholder has made a premium payment that is up to $10 short of the payment due for that month and within the grace period. This bill will help ensure that people will not lose health insurance for a de minimis financial deficiency. MCHS advocates for all Marylanders to have access to health insurance and high-quality health care. A person who is making premium payments during the grace period offered by an insurance carrier should not be at risk of losing their health insurance.

We ask for a favorable report on Senate Bill 227. If we can provide any further information, please contact Michael Paddy mpaddy@policypartners.net.

2024 MNA SB 227 Senate Side FAV.pdf
Uploaded by: Michael Paddy
Position: FAV

Committee:	**Senate Finance Committee**
Bill Number:	**Senate Bill 227 – Health Insurance – Cancellation of Individual Health Benefit Plans – Restriction**
Hearing Date:	**January 24, 2024**
Position:	**Support**

The Maryland Nurses Association (MNA) supports *Senate Bill 227 – Health Insurance – Cancellation of Individual Health Benefit Plans – Restriction*. This bill prohibits health insurers from canceling an individual benefit plan if the policyholder has made a premium payment that is up to $10 short of the payment due for that month and within the grace period.

MNA advocates for all Marylanders to have access to health insurance and high-quality health care. A person who is making premium payments during the grace period offered by an insurer should not be at risk of losing health insurance. This bill will help ensure that people will not lose health insurance for a de minimis financial deficiency.

We ask for a favorable report. If we can provide any additional information, please contact Robyn Elliott at relliott@policypartners.net or (443) 926-3443.

SB227-FIN-FAV.pdf
Uploaded by: Nina Themelis
Position: FAV

BRANDON M. SCOTT
MAYOR

Office of Government Relations
88 State Circle
Annapolis, Maryland 21401

SB0227

January 24, 2024

TO: Members of the Senate Finance Committee

FROM: Nina Themelis, Director of Mayor's Office of Government Relations

RE: Senate Bill 227 - Health Insurance – Cancellation of Individual Health Benefit Plans - Restrictions

POSITION: FAVORABLE

Chair Beidle, Vice Chair Klausmeier, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 227.

SB 227 would prohibit an insurance carrier from canceling an individual health benefit plan under certain circumstances. Specifically, insurers would not be able to cancel a plan if the policyholder has made a premium payment before the end of a given grace period, the amount of the premium payment made is less than the total amount of the net monthly premium due, the amount of the deficiency is $10 or less, and the policyholder pays the remainder of their monthly premium within 30 days after the carrier sends a written notification.

If Marylanders do not pay their health insurance premiums, their insurance provider can cancel their coverage, provided they give 90 days' notice. SB 227 would give Marylanders who meet the criteria described above more time to make their outstanding payments, thus keeping them from losing their health insurance. Insurance plan cancelations puts individuals and families at significant risk for poor health outcomes due to delays in seeking and obtaining necessary health care.[i] When someone loses their health insurance, it can mean losing access to essential medications, skipping preventative health services (such as cancer screenings), and needing to navigate time-consuming and confusing process of getting insurance coverage again.[i]

Not only do health insurance cancellations hurt people and their families – they can cause additional strain on our health care and public health systems. People who are uninsured are more likely to use emergency departments and safety net providers.[i,ii] In turn, this puts additional burden on health care staff and systems still struggling under the continued impact of COVID-19.

SB 227 would help keep Marylanders insured and connected to the care they need from their preferred providers. For these reasons, the BCA respectfully request a **favorable** report on SB 227.

[i] Yabroff, K. R., Reeder-Hayes, K., Zhao, J., Halpern, M. T., Lopez, A. M., Bernal-Mizrachi, L., ... & Patel, M. (2020). Health insurance coverage disruptions and cancer care and outcomes: systematic review of published research. *JNCI: Journal of the National Cancer Institute*, *112*(7), 671-687.

[ii] Institute of Medicine (US) Committee on the Changing Market, Managed Care, and the Future Viability of Safety Net Providers; Ein Lewin M, Altman S, editors. Americas's Health Care Safety Net: Intact but Endangered. Washington (DC): National Academies Press (US); 2000. 1, Background and Overview. Available from: https://www.ncbi.nlm.nih.gov/books/NBK224519/

SB227 - FIN - MHBE - LOS.docx (1).pdf
Uploaded by: State of Maryland (MD)
Position: FAV

MARYLAND HEALTH BENEFIT EXCHANGE

750 E. Pratt St., 6th floor
Baltimore, MD 21202
marylandhbe.com

January 24, 2024

The Honorable Pamela G. Beidle
Chair, Senate Finance Committee
Senate Office Building, 3 East
11 Bladen St.
Annapolis, MD 21401

Re: Letter of Support – SB 227 – Health Insurance – Cancellation of Individual Health Benefit Plans – Restriction

Dear Chair Beidle and Members of the Senate Finance Committee,

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of support for Senate Bill (SB) 227 - Health Insurance – Cancellation of Individual Health Benefit Plans – Restriction. SB 227 would establish a threshold amount ($10) of the total net premium owed on a health plan by the policyholder under which the insurer would not be permitted to terminate the policy without first notifying and providing the policyholder a limited additional opportunity to pay the remainder of the premium owed.

MHBE supports the intent of this bill to protect consumers who have demonstrated a good faith effort to pay their premium. MHBE has encountered instances where a consumer has had a plan terminated by a carrier due to a nonpayment of premium below the proposed $10 threshold. This bill would help to create standards to safeguard Marylanders from losing their health insurance coverage over negligible amounts of premium owed.

For further discussions or questions on SB 227, please contact Johanna Fabian-Marks, Director of Policy and Plan Management at johanna.fabian-marks@maryland.gov.

Sincerely,

Michele Eberle

Michele Eberle
Executive Director

MPA_Comm_SB227_LetterofSupport_20240123.pdf
Uploaded by: stephanie wolf
Position: FAV

MARYLAND
PSYCHOLOGICAL ASSOCIATION

PO Box 368 Laurel, MD 20725 410-992-4258 www.marylandpsychology.org

Senator Pamela Beidle, Chair
Senator Katherine Klausmeier, Vice Chair
Finance Committee
Miller Senate Office Building, 3 East
Annapolis, MD 21401

January 23, 2024

Dear Chair Beidle, Vice Chair Klausmeier, and Members of the Committee:

RE: SB 227 – Health Insurance – Cancellation of Individual Health Benefit Plans – Restriction
Position: SUPPORT

Dear Chair, Vice-Chair and Members of the Committee:

The Maryland Psychological Association, (MPA), which represents over 1,000 doctoral level psychologists throughout the state, asks the Senate Finance Committee to **FAVORABLY report on SB 227.**

The MPA recognizes the Committee's leadership with regard to clarifying the definition of Emergency Medical Condition to ensure that mental health and substance use disorders are included in the definition and benefit from consistency between federal and Maryland state insurance law. The MPA further appreciates the Committee's leadership in ensuring that Emergency Medical Conditions are not excluded from coverage because of bias and arbitrary and unfair requirements that do not apply to medical conditions.

Thank you for considering our comments on SB 227. If we can be of any further assistance as the Senate Finance Committee considers this bill, please do not hesitate to contact MPA's Legislative Chair, Dr. Stephanie Wolf, JD, Ph.D. at mpalegislativecommittee@gmail.com.

Respectfully submitted,

Brian Corrado, Psy.D. .
Brian Corrado, Psy.D.
President

Stephanie Wolf, JD, Ph.D.
Stephanie Wolf, JD, Ph.D.
Chair, MPA Legislative Committee

cc: Richard Bloch, Esq., Counsel for Maryland Psychological Association
Barbara Brocato & Dan Shattuck, MPA Government Affairs

SB 227_Premium Threshold_SWA.pdf
Uploaded by: Allison Taylor
Position: FWA

KAISER PERMANENTE®

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc
2101 East Jefferson Street
Rockville, Maryland 20852

January 24, 2024

The Honorable Pamela Beidle
Senate Finance Committee
3 East, Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

RE: SB 227 – Favorable with Amendments

Dear Chair Beidle and Members of the Committee:

Kaiser Permanente appreciates the opportunity to provide comment on SB 227, "Health Insurance – Cancellation of Individual Health Benefit Plans – Restriction." While we support the spirit of this proposal, we believe it would need substantial amendments to address the concerns outlined below.

Kaiser Permanente is the largest private integrated health care delivery system in the United States, delivering health care to over 12 million members in eight states and the District of Columbia.[1] Kaiser Permanente of the Mid-Atlantic States, which operates in Maryland, provides and coordinates complete health care services for over 825,000 members. In Maryland, we deliver care to approximately 475,000 members.

Kaiser Permanente appreciates that the MIA wants to prevent members in the individual market from losing coverage because they inadvertently failed to pay a nominal amount of their premium. We support the MIA's objective, and to that end have instituted a policy that these members are considered paid in full if they have paid 98% of their premium; this policy has been in effect in all states within our footprint since the launch of the Exchanges in 2013. Additionally, the Affordable Care Act provides protections for patients that miss a premium payment. Taken together, we think there are sufficient controls to protect members with small outstanding balances and some potential unintended consequences from the bill as introduced.

The Affordable Care Act provides sufficient protections for members that receipt Advanced Premium Tax Credits (APTC) with small outstanding balances.

- **The ACA protects patients who fail to pay their premium for three months.** If an individual that receives APTC fails to pay their premium, the ACA affords them a three-month grace period to become current with payments. Grace period requirements established by 45 CFR 156.270 require that QHP Issuers notify the enrollee of their

[1] Kaiser Permanente comprises Kaiser Foundation Health Plan, Inc., the nation's largest not-for-profit health plan, and its health plan subsidiaries outside California and Hawaii; the not-for-profit Kaiser Foundation Hospitals, which operates 39 hospitals and over 650 other clinical facilities; and the Permanente Medical Groups, self-governed physician group practices that exclusively contract with Kaiser Foundation Health Plan and its health plan subsidiaries to meet the health needs of Kaiser Permanente's members.

payment delinquency within 10 days and begin the grace period. QHP Issuers must continue to cover their enrollees throughout the grace period. If the enrollee has not paid all premiums owed including premiums for all three months of the grace period on or before the last day of the grace period, then the QHP Issuer must terminate coverage on the last day of the first month of the grace period and return the APTC payments for months two and three.

- **Federal regulations also permit QHP Issuers to implement a premium payment threshold to prevent termination when an enrollee owes a de minimis balance.** It is our understanding that all Issuers in the state have opted to do so. For a Kaiser Permanente member that receives APTC, they would retain coverage after the three-month grace period if they have paid 98% of their balance.

The $10 threshold proposed by SB 227 could have adverse tax consequences for enrollees. Approximately 15 percent of Kaiser Permanente's on-Exchange members owe a monthly net premium amount between $0 and $10. A premium payment threshold of $10 could result in enrollees deferring payment for months and terminating coverage once the balance tips over the threshold, resulting in a tax adjustment of thousands of dollars that a filer could owe due to nonpayment; if, at the end of the grace period, an enrollee loses coverage, they must report this to the IRS and pay back the tax credits for the first month of the grace period. This outcome is inconsistent with Affordable Care Act requirements and with our model as a pre-paid health care plan.

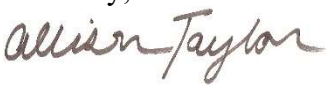
This threshold could have additional financial implications for enrollees. Enrollees who lose coverage in this scenario would owe providers for the full charges of any health care services rendered during the coverage period that is terminated due to nonpayment. Enrollees are generally unfamiliar with these rules and may not be aware that their APTC is contingent upon paying the full net premium; remitting thousands of dollars in APTC and payments to providers represents a significant financial burden for consumers and could erode trust in the Exchange to provide good guidance on tax credit eligibility.

SB 227 poses implementation challenges with little additional benefit to members. Finally, any changes to our current payment threshold policy, especially a shift from a percentage to flat-dollar amount in a single state within our footprint, will be a significant operational burden to implement. We believe our current policy of 98 percent is aligned with the MIA's objective to avoid terminations for nominal amounts and would not require technical changes by a due date to become compliant.

A similar proposal was considered and rejected by the Maryland Health Benefit Exchange based on a number of the reasons described above. We encourage the MIA to review the feedback carriers provided on that proposal. We do not think legislation is needed, but if the Committee feels otherwise we instead recommend that carriers be required to establish a policy that can be applied in a unform manner to all qualified individuals and enrollees.

Thank you for the opportunity to comment. Please feel free to contact me at Allison.W.Taylor@kp.org or (202) 924-7496 with questions.

Sincerely,



Allison Taylor
Director of Government Relations
Kaiser Permanente

SB227.LSWA.OAG.hf.20240123.pdf
Uploaded by: Heather Forsyth
Position: FWA

ANTHONY G. BROWN
Attorney General

CANDACE MCLAREN LANHAM
Chief Deputy Attorney General

CAROLYN QUATTROCKI
Deputy Attorney General

LEONARD HOWIE
Deputy Attorney General

WILLIAM D. GRUHN
Chief
Consumer Protection Division

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

Writer's Direct Dial No.
410.576.6513

January 23, 2024

To: Senator Pamela Beidle
Chair, Senate Finance Committee

From: Heather Forsyth, Deputy Director – Health Education & Advocacy Unit

Re: Senate Bill 227 – Health Insurance – Cancellation of Individual Health Benefit Plans – Restriction (SUPPORT WITH AN AMENDMENT)

The Health Education and Advocacy Unit writes in general support of Senate Bill 227, a Departmental Bill introduced by the Maryland Insurance Administration.

We agree that restricting cancellation of health care coverage for de minimis payment deficiencies is a good one, as is requiring notice and an opportunity to bring the account current. We have some concern, however, about limiting the trigger for the deficiency protections to a specific dollar amount.

First, without a specific threshold, issuers are encouraged to accept errors in context, most notably transposition errors, which happen frequently among older consumers and those paying online. For example, an underpayment of $63 because the subscriber accidentally pays $718 instead of $781would not be subject to the protections afforded by the proposed specific dollar amount in this bill.

Secondly, a specific dollar amount encourages cancellation of a plan when the carrier might not otherwise be inclined to do so because of differences in issuer systems, procedures, and judgment. Rather than providing issuers with a reason to end coverage, the HEAU believes removing the specific dollar amount will allow more consumers to remain in coverage.

Although bill paying errors can occur in many contexts, an error in a payment for health coverage with no opportunity to cure is especially devastating. In other circumstances, such as an error in making a rent or utility bill payment, the consumer can remain in housing or have their power turned back on simply by making the additional payment. The health care plan consumer, however, loses coverage and must remain without health care coverage for as long as several months until the next open enrollment period or the possibility of a qualifying life event that triggers a special enrollment period. This is especially true of consumers who do not receive a premium tax credit because these consumers have only a 30-day rather than a 90-day grace period.

The HEAU supports the consumer protections otherwise offered in SB227 with the proposed amendment to remove the specific trigger amount so that any consumer who makes a timely payment with an inadvertent error receives notice and a swift opportunity to cure so they may remain in coverage.