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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 \$781 would 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.