



**Senate Finance Committee
April 1, 2025**

**House Bill 1069 – Life and Health Insurance Policies and Annuity Contracts –
Discretionary Clauses – Prohibition**

Support as Amended

NCADD-Maryland supports House Bill 1069, a bill to prohibit discretionary clauses in health insurance policies. These clauses, banned by the General Assembly for disability policies in 2011, can be used by insurance carriers to deny coverage of mental health and substance use disorder care that members believed they had access to.

When a person's health care services are denied coverage, they can file and appeal with their carrier, then a grievance with the Maryland Insurance Administration, and if not resolved, they can take the ultimate step of challenging an adverse decision in court. At that point, if the policy contains a discretionary clause, the court's hands are generally tied.

According to the National Association of Insurance Commissioners (NAIC), prohibiting such clauses can ensure that health insurance benefits are contractually guaranteed. They contend that these clauses create a conflict of interest when the carrier responsible for providing benefits has discretionary authority to decide what benefits are actually due. Prohibiting these kinds of clauses in health insurance policies will help consumers better understand and access the services they pay for.

We ask for a favorable report on House Bill 1069.