
By: Delegates Barve, Gordon, Genn, Dembrow, Petzold, Shriver, and Cryor

Introduced and read first time: January 31, 1997

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 13, 1997

CHAPTER ____

1 AN ACT concerning

2 **Health Insurance Coverage for Individuals Under Guardianship**

3 FOR the purpose of establishing eligibility for coverage for health benefits for individuals
4 for whom guardianship is granted to an insured under a court or testamentary
5 appointment; making this Act applicable to health insurers, nonprofit health service
6 plans, and health maintenance organizations; specifying when coverage is required
7 for individuals under guardianship; authorizing certain requirements for proof of
8 eligibility; and generally relating to coverage for health benefits for individuals
9 under guardianship.

10 BY repealing and reenacting, with amendments,

11 Article - Insurance

12 Section 15-401 and 15-402

13 Annotated Code of Maryland

14 (1995 Volume and 1996 Supplement)

15 (As enacted by Chapter ____ (H.B. 11) of the Acts of the General Assembly of

16 1997)

17 BY adding to

18 Article - Insurance

19 Section 15-403.1

20 Annotated Code of Maryland

21 (1995 Volume and 1996 Supplement)

22 (As enacted by Chapter ____ (H.B. 11) of the Acts of the General Assembly of

23 1997)

24 BY repealing and reenacting, with amendments,

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1 Article - Health - General
2 Section 19-706(h)
3 Annotated Code of Maryland
4 (1996 Replacement Volume and 1996 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article - Insurance**

8 15-401.

9 (a) In this section, "date of adoption" means the earlier of:

10 (1) a judicial decree of adoption; or

11 (2) the assumption of custody, pending adoption, of a prospective adoptive
12 child by a prospective adoptive parent.

13 (b) (1) This subsection applies to:

14 (i) each individual health insurance policy that:

15 1. is delivered, issued for delivery, or renewed in the State;

16 2. provides coverage on an expense-incurred basis; and

17 3. provides coverage for a family member of the insured;

18 (ii) each group health insurance policy, including a contract issued by
19 a nonprofit health service plan, that:

20 1. is delivered, issued for delivery, or renewed in the State;

21 2. provides coverage on an expense-incurred basis for
22 employees of an employer or employers or members of a union or unions; and

23 3. provides coverage for a family member of a covered
24 employee or member; and

25 (iii) each individual service or indemnity contract that:

26 1. is delivered, issued for delivery, or renewed in the State by a
27 nonprofit health service plan; and

28 2. provides coverage for a family member of the subscriber.

29 (2) Each policy or contract subject to this subsection shall provide that the
30 health insurance benefits applicable:

31 (I) for children or grandchildren shall be payable for a newly born or
32 newly adopted dependent child or grandchild from the moment of birth or date of
33 adoption of the child or grandchild; AND

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1 (II) FOR A MINOR FOR WHOM GUARDIANSHIP IS GRANTED BY
2 COURT OR TESTAMENTARY APPOINTMENT SHALL BE PAYABLE FROM THE DATE OF
3 APPOINTMENT.

4 (c) On request, an insurer or nonprofit health service plan that issues an
5 individual or group health insurance policy that provides coverage on an
6 expense-incurred basis shall offer family members' coverage to an insured or subscriber
7 regardless of the marital status of the insured or subscriber.

8 (d) Each insurer or nonprofit health service plan that issues a policy that does not
9 provide family members' coverage shall:

10 (1) provide notice to the policyholder that coverage for a newly born or
11 newly adopted child or grandchild OR A MINOR FOR WHOM GUARDIANSHIP IS
12 GRANTED BY COURT OR TESTAMENTARY APPOINTMENT is not provided under the
13 policy; and

14 (2) inform the insured of the right and conditions to purchase family
15 members' coverage under this section.

16 (e) To be eligible for coverage under this section, a grandchild must be a
17 dependent, and in the court-ordered custody, of the insured AND A MINOR FOR WHOM
18 GUARDIANSHIP IS GRANTED BY COURT OR TESTAMENTARY APPOINTMENT MUST
19 BE A DEPENDENT AND IN THE CUSTODY OF THE INSURED.

20 (f) Coverage for a newly born or newly adopted child or grandchild OR A MINOR
21 FOR WHOM GUARDIANSHIP IS GRANTED BY COURT OR TESTAMENTARY
22 APPOINTMENT shall consist of coverage for injury or sickness, including the necessary
23 care and treatment of medically diagnosed congenital defects and birth abnormalities.

24 (g) If payment of a specific premium or subscription fee is required to provide
25 coverage for a child or grandchild OR A MINOR FOR WHOM GUARDIANSHIP IS
26 GRANTED BY COURT OR TESTAMENTARY APPOINTMENT, the policy or contract may
27 require notification of a birth [or adoption], ADOPTION, OR APPOINTMENT and
28 payment of the required premium or fee to the insurer or nonprofit health service plan
29 within 31 days after the date of [birth or date of adoption] BIRTH, DATE OF ADOPTION,
30 OR DATE OF COURT OR TESTAMENTARY APPOINTMENT in order to continue coverage
31 beyond the 31-day period.

32 (h) (1) An insurer or nonprofit health service plan may require proof that the
33 insured or subscriber is the parent or grandparent of a newly born or newly adopted child
34 or grandchild OR GUARDIAN OF A MINOR UNDER COURT OR TESTAMENTARY
35 APPOINTMENT.

36 (2) If the insurer or nonprofit health service plan requires proof under this
37 subsection, the insurer or nonprofit health service plan shall pay the cost of the proof.

38 15-402.

39 (a) This section applies to:

40 (1) each individual or group health insurance policy that is issued in the
41 State; and

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1 (2) each contract that is issued in the State by a nonprofit health service
2 plan.

3 (b) (1) Notwithstanding any limiting age stated in a policy or contract subject to
4 this section, a child [or grandchild], GRANDCHILD, OR INDIVIDUAL FOR WHOM
5 GUARDIANSHIP IS GRANTED BY COURT OR TESTAMENTARY APPOINTMENT shall
6 continue to be covered under the policy or contract as a dependent of an employee,
7 member, or other covered individual if the child [or grandchild], GRANDCHILD, OR
8 INDIVIDUAL UNDER GUARDIANSHIP:

9 (i) is unmarried;

10 (ii) is chiefly dependent for support on the employee, member, or
11 other covered individual; and

12 (iii) at the time of reaching the limiting age, is incapable of
13 self-support because of mental or physical incapacity that started before the child [or
14 grandchild], GRANDCHILD, OR INDIVIDUAL UNDER GUARDIANSHIP attained the
15 limiting age.

16 (2) A child [or grandchild], GRANDCHILD, OR INDIVIDUAL UNDER
17 GUARDIANSHIP who is covered under this section shall continue to be covered while
18 remaining unmarried, dependent, and mentally or physically incapacitated until the
19 coverage on the employee, member, or other covered individual on whom the child [or
20 grandchild], GRANDCHILD, OR INDIVIDUAL UNDER GUARDIANSHIP is dependent
21 terminates.

22 (c) To be eligible for coverage under this section, a grandchild must be a
23 dependent, and in the court-ordered custody, of the employee, member, or other covered
24 individual AND AN INDIVIDUAL FOR WHOM GUARDIANSHIP IS GRANTED BY COURT
25 OR TESTAMENTARY APPOINTMENT MUST BE A DEPENDENT IN THE CUSTODY OF
26 THE EMPLOYEE, MEMBER, OR OTHER COVERED INDIVIDUAL.

27 15-403.1.

28 (A) THIS SECTION APPLIES TO:

29 (1) EACH INDIVIDUAL HEALTH INSURANCE POLICY THAT:

30 (I) PROVIDES COVERAGE ON AN EXPENSE-INCURRED BASIS; AND

31 (II) PROVIDES COVERAGE FOR A FAMILY MEMBER OF THE
32 INSURED;

33 (2) EACH GROUP HEALTH INSURANCE POLICY THAT:

34 (I) PROVIDES COVERAGE ON AN EXPENSE-INCURRED BASIS FOR
35 EMPLOYEES OF AN EMPLOYER OR EMPLOYERS OR MEMBERS OF A UNION OR
36 UNIONS; AND

37 (II) PROVIDES COVERAGE FOR A FAMILY MEMBER OF A COVERED
38 EMPLOYEE OR MEMBER; AND

39 (3) EACH INDIVIDUAL SERVICE OR INDEMNITY CONTRACT THAT:

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1 (I) IS ISSUED BY A NONPROFIT HEALTH SERVICE PLAN; AND

2 (II) PROVIDES COVERAGE FOR A FAMILY MEMBER OF THE
3 SUBSCRIBER.

4 (B) EACH POLICY OR CONTRACT SUBJECT TO THIS SECTION SHALL PROVIDE
5 THAT THE SAME HEALTH INSURANCE BENEFITS AND ELIGIBILITY GUIDELINES
6 THAT APPLY TO ANY COVERED DEPENDENT ARE AVAILABLE, ON REQUEST OF THE
7 INSURED, SUBSCRIBER, EMPLOYEE, OR MEMBER, TO AN INDIVIDUAL WHO:

8 (1) IS UNMARRIED;

9 (2) IS UNDER TESTAMENTARY OR COURT APPOINTED GUARDIANSHIP
10 OF THE INSURED, SUBSCRIBER, EMPLOYEE, OR MEMBER;

11 (3) RESIDES WITH THE INSURED, SUBSCRIBER, EMPLOYEE, OR
12 MEMBER;

13 (4) IS THE DEPENDENT OF THE INSURED, SUBSCRIBER, EMPLOYEE, OR
14 MEMBER; AND

15 (5) HAS NOT ATTAINED THE LIMITING AGE UNDER THE TERMS OF THE
16 POLICY OR CONTRACT.

17 (C) ON REQUEST, AN INSURER THAT ISSUES AN INDIVIDUAL OR GROUP
18 HEALTH INSURANCE POLICY THAT PROVIDES COVERAGE ON AN
19 EXPENSE-INCURRED BASIS OR A NONPROFIT HEALTH SERVICE PLAN SHALL OFFER
20 FAMILY MEMBERS' COVERAGE TO AN INSURED OR SUBSCRIBER REGARDLESS OF
21 THE MARITAL STATUS OF THE INSURED OR SUBSCRIBER.

22 (D) (1) AN INSURER OR NONPROFIT HEALTH SERVICE PLAN MAY REQUIRE
23 PROOF THAT THE INSURED OR SUBSCRIBER IS A GUARDIAN UNDER COURT OR
24 TESTAMENTARY APPOINTMENT.

25 (2) IF THE INSURER OR NONPROFIT HEALTH SERVICE PLAN REQUIRES
26 PROOF UNDER THIS SUBSECTION, THE INSURER OR NONPROFIT HEALTH SERVICE
27 PLAN SHALL PAY THE COST OF THE PROOF.

28 **Article - Health - General**

29 19-706.

30 (h) The provisions of [Article 48A, §§ 354A(a), 438A, and 490T of the Code] §§
31 15-401, 15-402, 15-403, AND 15-403.1 OF THE INSURANCE ARTICLE shall apply to health
32 maintenance organizations.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 October 1, 1997.

