
By: Senator Young

Introduced and read first time: January 22, 1997

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health and Life Insurance - Waiting Periods - Cancer**

3 FOR the purpose of prohibiting certain life and health insurers, nonprofit health service
4 plans, and health maintenance organizations from imposing a waiting period of
5 more than 1 year beyond a certain date for a certain preexisting condition before
6 providing coverage under a policy or contract under certain circumstances;
7 providing for the application of this Act; and generally relating to prohibiting
8 certain life and health insurers, nonprofit health service plans, and health
9 maintenance organizations from imposing a certain waiting period before providing
10 coverage under certain circumstances.

11 BY repealing and reenacting, with amendments,

12 Article - Insurance

13 Section 15-507

14 Annotated Code of Maryland

15 (1995 Volume and 1996 Supplement)

16 (As enacted by Chapter _____ (H.B. 11) of the Acts of the General Assembly of 1997)

17 BY adding to

18 Article - Insurance

19 Section 15-508

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 1997)

23 BY repealing and reenacting, with amendments,

24 Article - Insurance

25 Section 16-216

26 Annotated Code of Maryland

27 (1996 Volume)

28 (As enacted by Chapter 11 of the Acts of the General Assembly of 1996)

29 BY adding to

30 Article - Health - General

2

1 Section 19-706(n)
2 Annotated Code of Maryland
3 (1996 Replacement Volume and 1996 Supplement)

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

6 **Article - Insurance**

7 15-507.

8 (a) (1) This section applies to each group or blanket health insurance contract
9 or policy that is issued or delivered in the State to an employer by an insurer or nonprofit
10 health service plan and that provides hospital, medical, or surgical benefits on an
11 expense-incurred basis.

12 (2) This section does not apply to a health insurance contract or policy that
13 is issued to a small employer under Subtitle 12 of this title.

14 (b) Subject to subsections (c) and (d) of this section, an insurer or nonprofit
15 health service plan shall provide coverage to an individual under a contract or policy
16 subject to this section regardless of the health of the individual if:

17 (1) the individual had coverage under a prior contract or policy issued by
18 the insurer or nonprofit health service plan; and

19 (2) within 30 days after the coverage under the prior contract or policy
20 terminates, the individual becomes eligible for and accepts coverage from the insurer or
21 nonprofit health service plan under the subsequent contract or policy.

22 (c) [An] SUBJECT TO THE PROVISIONS OF § 15-508 OF THIS SUBTITLE, AN
23 insurer or nonprofit health service plan may exclude coverage under a contract or policy
24 subject to this section for a medical condition of an individual who obtains coverage under
25 subsection (b) of this section to the extent that:

26 (1) the contract or policy is issued as part of a group contract; and

27 (2) the exclusion is applicable to each individual insured under the group
28 contract.

29 (d) (1) Subject to paragraph (2) of this subsection, an insurer or nonprofit
30 health service plan that issues a subsequent contract or policy to an individual under
31 subsection (b) of this section shall waive a waiting period for coverage of a preexisting
32 condition under the subsequent contract or policy to the extent the individual has
33 satisfied a waiting period under the individual's prior contract or policy with the insurer
34 or nonprofit health service plan.

35 (2) If any part of the waiting period under the individual's prior contract or
36 policy has not been satisfied, the insurer or nonprofit health service plan may require the
37 individual to satisfy the remaining part of the waiting period under the subsequent
38 contract or policy, unless the subsequent contract or policy has a shorter waiting period.

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1 (e) This section does not prohibit an insurer or nonprofit health service plan from
2 requiring an individual who was previously insured by the insurer or nonprofit health
3 service plan to complete an application that includes information about the individual's
4 health when applying for subsequent coverage.

5 15-508.

6 (A) THIS SECTION APPLIES TO:

7 (1) INSURERS AND NONPROFIT HEALTH SERVICE PLANS THAT PROVIDE
8 HOSPITAL, MEDICAL, OR SURGICAL BENEFITS TO INDIVIDUALS OR GROUPS ON AN
9 EXPENSE-INCURRED BASIS UNDER HEALTH INSURANCE POLICES, INCLUDING
10 DISABILITY INSURANCE POLICIES, THAT ARE ISSUED OR DELIVERED IN THE STATE;
11 AND

12 (2) HEALTH MAINTENANCE ORGANIZATIONS THAT PROVIDE HOSPITAL,
13 MEDICAL, OR SURGICAL BENEFITS TO INDIVIDUALS OR GROUPS UNDER
14 CONTRACTS THAT ARE ISSUED OR DELIVERED IN THE STATE.

15 (B) THIS SECTION DOES NOT APPLY TO A HEALTH INSURANCE CONTRACT OR
16 POLICY THAT IS ISSUED TO A SMALL EMPLOYER UNDER SUBTITLE 12 OF THIS TITLE.

17 (C) FOR AN INDIVIDUAL WHO HAS HAD CANCER, AN ENTITY SUBJECT TO
18 THIS SECTION MAY NOT REQUIRE A WAITING PERIOD EXTENDING MORE THAN 1
19 YEAR BEYOND THE DATE THAT A PHYSICIAN HAS CERTIFIED THAT THE
20 INDIVIDUAL DOES NOT HAVE CANCER OR THAT THE CANCER IS IN REMISSION
21 BEFORE PROVIDING COVERAGE UNDER THE CONTRACT OR POLICY THAT THE
22 INDIVIDUAL WOULD OTHERWISE BE ENTITLED TO RECEIVE UNDER THE CONTRACT
23 OR POLICY FOR THE PREEXISTING CONDITION.

24 16-216.

25 (a) Subject to subsection (b) of this section, a policy of life insurance may not
26 contain:

27 (1) a provision that the insurer may reduce or deny liability under the policy
28 because the insured has previously obtained other insurance from the same insurer;

29 (2) a provision that gives the insurer the right to declare the policy void
30 because the insured has had a disease or ailment, whether specified or not, or has
31 received institutional, hospital, medical, or surgical treatment or attention; or

32 (3) a provision that gives the insurer the right to declare the policy void
33 because the insured has been rejected for insurance, unless the right is conditioned on a
34 showing by the insurer that knowledge of the rejection would have led to a refusal by the
35 insurer to issue the policy.

36 (b) [Subsection (a)(2)] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS
37 SECTION, SUBSECTION (A)(2) of this section does not prohibit a policy provision that
38 gives the insurer the right to declare the policy void if:

39 (1) the insured has received institutional, hospital, medical, or surgical
40 treatment or attention within 2 years before the policy was issued; and

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1 (2) the insured or a claimant under the policy fails to show that the
2 condition occasioning the treatment or attention was not serious or was not material to
3 the risk.

4 (C) FOR AN INSURED OR CLAIMANT WHO HAS HAD CANCER, AN INSURER
5 MAY NOT INCLUDE IN A POLICY OF LIFE INSURANCE A PROVISION THAT GIVES THE
6 INSURER THE RIGHT TO DECLARE THE POLICY VOID IF, WITHIN 1 YEAR BEFORE
7 THE POLICY WAS ISSUED, A PHYSICIAN CERTIFIED THAT THE INSURED DOES NOT
8 HAVE CANCER OR THAT THE CANCER IS IN REMISSION.

9 **Article - Health - General**

10 19-706.

11 (N) THE PROVISIONS OF § 15-508 OF THE INSURANCE ARTICLE SHALL APPLY
12 TO HEALTH MAINTENANCE ORGANIZATIONS.

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