
By: Senator Young

Introduced and read first time: January 22, 1997

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: March 14, 1997

CHAPTER ____

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

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1 Section 16-216
2 Annotated Code of Maryland
3 (1996 Volume)
4 (As enacted by Chapter 11 of the Acts of the General Assembly of 1996)

5 BY adding to

6 Article - Health - General
7 Section 19-706(n)
8 Annotated Code of Maryland
9 (1996 Replacement Volume and 1996 Supplement)

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

12 **Article - Insurance**

13 15-507.

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

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

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

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

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

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

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

33 (2) the exclusion is applicable to each individual insured under the group
34 contract.

35 (d) (1) Subject to paragraph (2) of this subsection, an insurer or nonprofit
36 health service plan that issues a subsequent contract or policy to an individual under
37 subsection (b) of this section shall waive a waiting period for coverage of a preexisting
38 condition under the subsequent contract or policy to the extent the individual has

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1 satisfied a waiting period under the individual's prior contract or policy with the insurer
2 or nonprofit health service plan.

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

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

11 15-508.

12 (A) THIS SECTION APPLIES TO:

13 (1) INSURERS AND NONPROFIT HEALTH SERVICE PLANS THAT PROVIDE
14 HOSPITAL, MEDICAL, OR SURGICAL BENEFITS TO INDIVIDUALS OR GROUPS ON AN
15 EXPENSE-INCURRED BASIS UNDER HEALTH INSURANCE POLICES, INCLUDING
16 DISABILITY INSURANCE POLICIES, THAT ARE ISSUED OR DELIVERED IN THE STATE;
17 AND

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

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

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

30 16-216.

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

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

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

38 (3) a provision that gives the insurer the right to declare the policy void
39 because the insured has been rejected for insurance, unless the right is conditioned on a

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1 showing by the insurer that knowledge of the rejection would have led to a refusal by the
2 insurer to issue the policy.

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

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

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

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

16 **Article - Health - General**

17 19-706.

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

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