SENATE BILL 67

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(PRE-FILED)

By: **Chairman, Finance Committee (Departmental - Insurance Administration, Maryland)**
Requested: July 27, 1998
Introduced and read first time: January 13, 1999
Assigned to: Finance

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: February 23, 1999

CHAPTER_______

AN ACT concerning

Health Insurance - Extension of Benefits

FOR the purpose of requiring certain entities to extend certain health insurance benefits under certain circumstances; providing that the requirements do not apply if coverage is terminated ~~due to an individual's failure to pay premiums~~ under certain circumstances; prohibiting the charging of a premium when health insurance benefits are extended; ~~defining certain terms~~ providing for the application of this Act; and generally relating to the extension of health insurance benefits.

BY adding to
Article - Health - General
Section 19-706(ff)
Annotated Code of Maryland
(1996 Replacement Volume and 1998 Supplement)

BY adding to
Article - Insurance
Section 15-829
Annotated Code of Maryland
(1997 Volume and 1998 Supplement)

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

Article - Health - General

19-706.

(FF) THE PROVISIONS OF § 15-829 OF THE INSURANCE ARTICLE SHALL APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.

Article - Insurance

15-829.

~~(A)~~ ~~(1)~~ ~~IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.~~

~~(2)~~ ~~(I)~~ ~~"EXPENSE-INCURRED" MEANS THAT BENEFITS PAYABLE UNDER A POLICY ARE BASED ON THE MEDICAL EXPENSES OF THE INSURED.~~

~~(II)~~ ~~"EXPENSE-INCURRED" INCLUDES A POLICY THAT INCLUDES HOSPITAL INDEMNITY BENEFITS AND EXPENSE-INCURRED BENEFITS FOR PHYSICIAN SERVICES.~~

~~(3)~~ ~~"HOSPITAL INDEMNITY" MEANS THAT BENEFITS PAYABLE UNDER A POLICY ARE BASED ON FLAT FEES AN INSURER PAYS FOR EACH DAY AN INDIVIDUAL IS CONFINED IN A HOSPITAL REGARDLESS OF THE ACTUAL EXPENSES THE INDIVIDUAL INCURS DURING THE HOSPITAL CONFINEMENT.~~

(A) A POLICY WILL BE CONSIDERED TO PROVIDE BENEFITS ON AN EXPENSE-INCURRED BASIS IF BENEFITS PAYABLE UNDER THE POLICY ARE BASED ON BOTH MEDICAL EXPENSES INCURRED AND FLAT FEES REGARDLESS OF ACTUAL EXPENSES INCURRED.

(B) THIS SECTION APPLIES TO HEALTH BENEFIT PLANS ISSUED UNDER SUBTITLE 12 OF THIS TITLE.

(C) THIS SECTION DOES NOT APPLY IF:

(1) COVERAGE IS TERMINATED BECAUSE AN INDIVIDUAL FAILS TO PAY A REQUIRED PREMIUM;

(2) COVERAGE IS TERMINATED FOR FRAUD OR MATERIAL MISREPRESENTATION BY THE INDIVIDUAL; OR

(3) ANY COVERAGE PROVIDED BY A SUCCEEDING HEALTH BENEFIT PLAN:

(I) IS PROVIDED AT A COST TO THE INDIVIDUAL THAT IS LESS THAN OR EQUAL TO THE COST TO THE INDIVIDUAL OF THE EXTENDED BENEFIT REQUIRED UNDER THIS SECTION; AND

(II) DOES NOT RESULT IN AN INTERRUPTION OF BENEFITS.

(D) DURING AN EXTENSION PERIOD REQUIRED UNDER THIS SECTION A PREMIUM MAY NOT BE CHARGED.

(E) (1) THIS SUBSECTION APPLIES TO:

(I) INSURERS AND NONPROFIT HEALTH SERVICE PLANS THAT PROVIDE HOSPITAL, MEDICAL, OR SURGICAL BENEFITS ON AN EXPENSE-INCURRED BASIS UNDER GROUP OR BLANKET HEALTH INSURANCE POLICIES THAT ARE ISSUED OR DELIVERED IN THE STATE; AND

(II) HEALTH MAINTENANCE ORGANIZATIONS THAT PROVIDE HOSPITAL, MEDICAL, OR SURGICAL BENEFITS UNDER CONTRACTS THAT ARE ISSUED OR DELIVERED IN THE STATE.

(2) IF AN INDIVIDUAL IS TOTALLY DISABLED WHEN THE INDIVIDUAL'S COVERAGE TERMINATES, AN ENTITY SUBJECT TO THIS SUBSECTION SHALL CONTINUE TO PAY ~~BENEFITS~~ COVERED BENEFITS, IN ACCORDANCE WITH THE POLICY IN EFFECT AT THE TIME THE INDIVIDUAL'S COVERAGE TERMINATES, FOR EXPENSES INCURRED BY THE INDIVIDUAL FOR THE CONDITION CAUSING THE DISABILITY UNTIL THE EARLIER OF:

(I) THE DATE THE INDIVIDUAL CEASES TO BE TOTALLY DISABLED; OR

(II) 12 MONTHS AFTER THE DATE COVERAGE TERMINATES.

(3) AN ENTITY SUBJECT TO THIS SUBSECTION MAY AT ANY TIME REQUIRE THE INDIVIDUAL TO PROVIDE PROOF OF TOTAL DISABILITY.

(F) (1) THIS SUBSECTION APPLIES TO:

(I) INSURERS AND NONPROFIT HEALTH SERVICE PLANS THAT PROVIDE HOSPITAL, MEDICAL, OR SURGICAL BENEFITS ON AN EXPENSE-INCURRED BASIS UNDER INDIVIDUAL HEALTH INSURANCE POLICIES THAT ARE ISSUED OR DELIVERED IN THE STATE; AND

(II) HEALTH MAINTENANCE ORGANIZATIONS THAT PROVIDE HOSPITAL, MEDICAL, OR SURGICAL BENEFITS UNDER INDIVIDUAL CONTRACTS THAT ARE ISSUED OR DELIVERED IN THE STATE.

(2) IF AN INDIVIDUAL HAS A CLAIM IN PROGRESS WHEN THE INDIVIDUAL'S COVERAGE TERMINATES, AN ENTITY SUBJECT TO THIS SUBSECTION SHALL CONTINUE TO PAY ~~BENEFITS~~ COVERED BENEFITS, IN ACCORDANCE WITH THE POLICY IN EFFECT AT THE TIME THE INDIVIDUAL'S COVERAGE TERMINATES, RELATED TO THE CLAIM UNTIL THE EARLIER OF:

(I) THE DATE THE INDIVIDUAL IS RELEASED FROM THE CARE OF A PHYSICIAN FOR THE CONDITION THAT IS THE BASIS OF THE CLAIM; OR

(II) 12 MONTHS AFTER THE DATE COVERAGE TERMINATES.

(G) (1) THIS SUBSECTION APPLIES TO:

(I) GROUP, BLANKET, AND INDIVIDUAL POLICIES THAT LIMIT COVERAGE TO HOSPITAL OR SURGICAL BENEFITS ON AN EXPENSE-INCURRED BASIS; AND

(II) GROUP, BLANKET, AND INDIVIDUAL HOSPITAL INDEMNITY POLICIES.

(2) IF AN INDIVIDUAL IS CONFINED IN A HOSPITAL ON THE DATE COVERAGE TERMINATES, A POLICY SUBJECT TO THIS SUBSECTION SHALL CONTINUE TO PAY ~~BENEFITS~~ <u>COVERED BENEFITS, IN ACCORDANCE WITH THE POLICY IN EFFECT AT THE TIME THE INDIVIDUAL'S COVERAGE TERMINATES,</u> FOR THE CONFINEMENT UNTIL THE EARLIER OF:

(I) THE DATE THE INDIVIDUAL IS DISCHARGED FROM THE HOSPITAL; OR

(II) 12 MONTHS AFTER THE DATE COVERAGE TERMINATES.

(H) (1) THIS SUBSECTION APPLIES TO INSURERS, NONPROFIT HEALTH SERVICE PLANS, AND HEALTH MAINTENANCE ORGANIZATIONS THAT PROVIDE GROUP, BLANKET, OR INDIVIDUAL VISION BENEFITS.

(2) IF AN INDIVIDUAL HAS ORDERED GLASSES OR CONTACT LENSES BEFORE THE DATE COVERAGE TERMINATES, AN ENTITY SUBJECT TO THIS SUBSECTION ~~SHALL PROVIDE BENEFITS FOR THE GLASSES OR CONTACT LENSES IF THE GLASSES OR CONTACT LENSES ARE RECEIVED BY THE INDIVIDUAL~~ <u>THAT PROVIDES COVERAGE FOR GLASSES OR CONTACT LENSES SHALL CONTINUE TO PROVIDE COVERED BENEFITS, IN ACCORDANCE WITH THE POLICY IN EFFECT AT THE TIME THE INDIVIDUAL'S COVERAGE TERMINATES, FOR THE GLASSES OR CONTACT LENSES IF THE INDIVIDUAL RECEIVES THE GLASSES OR CONTACT LENSES</u> WITHIN 30 DAYS AFTER THE DATE OF THE ORDER.

(I) (1) THIS SUBSECTION APPLIES TO INSURERS THAT PROVIDE GROUP, BLANKET, OR INDIVIDUAL ACCIDENTAL DEATH OR DISMEMBERMENT BENEFITS.

(2) AN INSURER SUBJECT TO THIS SUBSECTION SHALL PROVIDE ~~BENEFITS~~ <u>COVERED BENEFITS, IN ACCORDANCE WITH THE POLICY IN EFFECT AT THE TIME THE INDIVIDUAL'S COVERAGE TERMINATES,</u> FOR A COVERED LOSS THAT OCCURS AFTER THE DATE COVERAGE TERMINATES IF:

(I) AN ACCIDENT OCCURS WHILE THE INDIVIDUAL IS COVERED; AND

(II) THE LOSS OCCURS WITHIN 90 DAYS AFTER THE ACCIDENT.

(J) (1) THIS SUBSECTION APPLIES TO INSURERS, NONPROFIT HEALTH SERVICE PLANS, HEALTH MAINTENANCE ORGANIZATIONS, AND DENTAL PLAN

ORGANIZATIONS THAT PROVIDE GROUP, BLANKET, OR INDIVIDUAL DENTAL BENEFITS.

(2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, AN ENTITY SUBJECT TO THIS SUBSECTION SHALL PROVIDE ~~BENEFITS~~ COVERED BENEFITS, IN ACCORDANCE WITH THE POLICY IN EFFECT AT THE TIME THE INDIVIDUAL'S COVERAGE TERMINATES, FOR A COURSE OF TREATMENT FOR AT LEAST 90 DAYS AFTER THE DATE COVERAGE TERMINATES IF THE TREATMENT:

(I) BEGINS BEFORE THE DATE COVERAGE TERMINATES; AND

(II) REQUIRES TWO OR MORE VISITS ON SEPARATE DAYS TO A DENTIST'S OFFICE.

(3) AN ENTITY SUBJECT TO THIS SUBSECTION THAT PROVIDES COVERAGE FOR ORTHODONTICS SHALL PROVIDE ~~BENEFITS~~ COVERED BENEFITS, IN ACCORDANCE WITH THE POLICY IN EFFECT AT THE TIME THE INDIVIDUAL'S COVERAGE TERMINATES, FOR ORTHODONTICS:

(I) FOR 60 DAYS AFTER THE DATE COVERAGE TERMINATES IF THE ORTHODONTIST HAS AGREED TO OR IS RECEIVING MONTHLY PAYMENTS; OR

(II) UNTIL THE LATER OF 60 DAYS AFTER THE DATE COVERAGE TERMINATES OR THE END OF THE QUARTER IN PROGRESS, IF THE ORTHODONTIST HAS AGREED TO ACCEPT OR IS RECEIVING PAYMENTS ON A QUARTERLY BASIS.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after October 1, 1999. Any policy, contract, or health benefit plan in effect before October 1, 1999 shall comply with the provisions of this Act no later than October 1, 1999.

SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 1999.