
By: **Delegates Kach, Mitchell, and Eckardt**
Introduced and read first time: February 8, 2002
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Mandated Benefits - Exclusion from Policies**

3 FOR the purpose of authorizing insurers and nonprofit health service plans to offer a
4 limited benefits policy that excludes mandated health insurance benefits from
5 coverage under the policy; requiring insurers and nonprofit health service plans
6 to provide prospective policyholders with a certain disclosure statement before
7 issuing a limited benefits policy; requiring prospective policyholders to sign a
8 certain acknowledgment statement; and generally relating to the exclusion of
9 coverage for mandated benefits from policies of health insurance.

10 BY adding to

11 Article - Insurance
12 Section 15-1104
13 Annotated Code of Maryland
14 (1997 Volume and 2001 Supplement)

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

17 **Article - Insurance**

18 15-1104.

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

21 (2) "LIMITED BENEFITS POLICY" MEANS A HEALTH INSURANCE POLICY
22 OR CONTRACT THAT PROVIDES BENEFITS UNDER THIS SECTION.

23 (3) "MANDATED HEALTH INSURANCE BENEFIT" MEANS A LEGISLATIVE
24 PROPOSAL OR STATUTE THAT REQUIRES A HEALTH INSURANCE POLICY OR
25 CONTRACT THAT IS ISSUED OR DELIVERED IN THE STATE BY AN INSURER OR
26 NONPROFIT HEALTH SERVICE PLAN TO PROVIDE OR OFFER A PARTICULAR HEALTH
27 CARE SERVICE, BENEFIT, COVERAGE, OR REIMBURSEMENT FOR COVERED HEALTH
28 CARE SERVICES.

1 (B) AN INSURER OR NONPROFIT HEALTH SERVICE PLAN MAY OFFER A
2 LIMITED BENEFITS POLICY THAT EXCLUDES MANDATED HEALTH INSURANCE
3 BENEFITS FROM COVERAGE UNDER THE POLICY.

4 (C) LIMITED BENEFITS POLICIES ISSUED BY AN INSURER OR NONPROFIT
5 HEALTH PLAN MAY NOT EXCEED 10% OF THE TOTAL HEALTH BENEFIT POLICIES
6 ISSUED BY SUCH INSURERS OR NONPROFIT HEALTH PLANS.

7 (D) (1) BEFORE ISSUING A LIMITED BENEFITS POLICY, AN INSURER OR
8 NONPROFIT HEALTH SERVICE PLAN SHALL PROVIDE TO A PROSPECTIVE
9 POLICYHOLDER A WRITTEN STATEMENT THAT:

10 (I) DISCLOSES THAT MANDATED HEALTH INSURANCE BENEFITS
11 ARE NOT COVERED BY THE LIMITED BENEFITS POLICY; AND

12 (II) LISTS AND DESCRIBES EACH MANDATED HEALTH INSURANCE
13 BENEFIT THAT IS NOT COVERED BY THE LIMITED BENEFITS POLICY.

14 (2) BEFORE ISSUING A LIMITED BENEFITS POLICY, AN INSURER OR
15 NONPROFIT HEALTH SERVICE PLAN SHALL OBTAIN FROM THE PROSPECTIVE
16 POLICYHOLDER A SIGNED WRITTEN STATEMENT THAT ACKNOWLEDGES THAT:

17 (I) THE DISCLOSURE STATEMENT REQUIRED UNDER PARAGRAPH
18 (1) OF THIS SUBSECTION WAS PROVIDED TO THE INDIVIDUAL; AND

19 (II) THE EXTENT OF THE COVERAGE UNDER THE LIMITED
20 BENEFITS POLICY WAS UNDERSTOOD BY THE INDIVIDUAL.

21 (D) (1) EXCEPT AS PROVIDED IN THIS SECTION, ALL PROVISIONS OF THIS
22 ARTICLE THAT APPLY TO HEALTH INSURANCE POLICIES APPLY TO LIMITED
23 BENEFITS POLICIES.

24 (2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, A
25 LIMITED BENEFITS POLICY IS NOT SUBJECT TO ANY MANDATED HEALTH
26 INSURANCE BENEFIT REQUIREMENT OF THIS TITLE.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 October 1, 2002.