

HOUSE BILL 597

Unofficial Copy  
C3  
HB 939/02 - ECM

2003 Regular Session  
3r1701

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By: **Delegates Eckardt, Amedori, Bates, Cryor, Dwyer, Elliott, Frank,  
Hogan, Impallaria, Kach, McComas, Parrott, Shank, Sossi, Stocksdale,  
Trueschler, and Walkup**

Introduced and read first time: February 6, 2003  
Assigned to: Health and Government Operations

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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 (2002 Replacement Volume and 2002 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

1 CARE SERVICE, BENEFIT, COVERAGE, OR REIMBURSEMENT FOR COVERED HEALTH  
2 CARE SERVICES.

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

6 (C) LIMITED BENEFITS POLICIES ISSUED BY AN INSURER OR NONPROFIT  
7 HEALTH PLAN MAY NOT EXCEED 10% OF THE TOTAL HEALTH BENEFIT POLICIES  
8 ISSUED BY THE INSURER OR NONPROFIT SERVICE HEALTH PLAN.

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

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

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

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

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

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

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

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

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 October 1, 2003.