

SENATE BILL 164

Unofficial Copy
C3

2003 Regular Session
3r1289
CF 3r1168

By: **Senator Astle**

Introduced and read first time: January 27, 2003

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Small Group Market - Coverage - Preexisting Conditions**

3 FOR the purpose of allowing a carrier that offers a certain health benefit plan in the
4 small group market to limit coverage under the plan for a certain period of time
5 for a certain preexisting condition of an enrollee, subject to certain exceptions;
6 clarifying the applicability, to certain late enrollees, of a certain prohibition on
7 the exclusion of coverage for certain health care services; making certain
8 conforming changes; and generally relating to coverage under health benefit
9 plans in the small group market.

10 BY repealing and reenacting, with amendments,
11 Article - Insurance
12 Section 15-1208 and 15-1213
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 15-1208.

19 (a) (1) [A] EXCEPT AS OTHERWISE PROVIDED UNDER THE FEDERAL
20 HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 AND IN THIS
21 SECTION, A carrier may [not] limit coverage under a health benefit plan FOR NOT
22 MORE THAN 12 CONSECUTIVE MONTHS for a preexisting condition OF AN ENROLLEE
23 DURING THE 6-MONTH PERIOD IMMEDIATELY PRECEDING THE EFFECTIVE DATE OF
24 COVERAGE.

25 (2) An exclusion of coverage for preexisting conditions may not be
26 applied to health care services furnished for pregnancy or newborns.

27 (b) (1) This subsection does not apply to a late enrollee if:

1 (i) the individual requests enrollment within 30 days after
2 becoming an eligible employee;

3 (ii) a court has ordered coverage to be provided for a spouse or
4 minor child under a covered employee's health benefit plan;

5 (iii) a request for enrollment is made within 30 days after the
6 eligible employee's marriage or the birth or adoption of a child; or

7 (iv) the individual or a family member of the individual who is
8 eligible for enrollment under § 15-301.1 of the Health - General Article requests
9 enrollment within 30 days after becoming eligible.

10 (2) [Notwithstanding subsection (a)] SUBJECT TO SUBSECTION (A)(2) of
11 this section, a late enrollee may be subject to a 12-month preexisting condition
12 provision or a waiting period until the next open enrollment period not to exceed a
13 12-month period.

14 (c) Except as provided in subsection (d) of this section, for a period not to
15 exceed 6 months after the date an individual becomes an eligible employee, a health
16 benefit plan may require deductibles and cost-sharing for benefits for a preexisting
17 condition of the eligible employee in amounts not exceeding 1.5 times the amount of
18 the standard deductibles and cost-sharing of other eligible employees if:

19 (1) the employee was not previously covered by a public or private plan
20 of health insurance or another health benefit arrangement; and

21 (2) the employee was not previously employed by that employer.

22 (d) Subsection (c) of this section does not apply to an individual or a family
23 member of an individual who is eligible for enrollment in the MCHP private option
24 plan established under § 15-301.1 of the Health - General Article and is a late
25 enrollee.

26 15-1213.

27 (a) This section does not apply to any insurance enumerated in §
28 15-1201(f)(3)(i) through (xiii) of this subtitle.

29 (b) Each benefit offered in addition to the Standard Plan that increases access
30 to care choices or lowers the cost-sharing arrangement in the Standard Plan is
31 subject to all of the provisions of this subtitle applicable to the Standard Plan,
32 including:

33 (1) guaranteed issuance;

34 (2) guaranteed renewal;

35 (3) adjusted community rating; and

36 (4) [the] ANY prohibition on preexisting condition limitations.

1 (c) (1) Each benefit offered in addition to the Standard Plan that increases
2 the type of services available or the frequency of services is not subject to guaranteed
3 issuance but is subject to all other provisions of this subtitle applicable to the
4 Standard Plan, including:

- 5 (i) guaranteed renewal;
- 6 (ii) adjusted community rating; and
- 7 (iii) [the] ANY prohibition on preexisting condition limitations.

8 (2) For each additional benefit offered under this subsection, a carrier
9 shall accept or reject the application of the entire group.

10 (3) The Commissioner may prohibit a carrier from offering an additional
11 benefit under this subsection if the Commissioner finds that the additional benefit
12 will be sold in conjunction with the Standard Plan in a manner designed to promote
13 risk selection or underwriting practices otherwise prohibited by this subtitle.

14 (d) (1) A benefit offered in addition to the Standard Plan to lower the
15 cost-sharing arrangement in the Standard Plan in accordance with § 15-301.1 of the
16 Health - General Article is subject to:

- 17 (i) guaranteed issuance;
- 18 (ii) guaranteed renewal;
- 19 (iii) adjusted community rating; and
- 20 (iv) [the] ANY prohibition on preexisting condition limitations.

21 (2) A carrier that offers a benefit under this subsection shall be required
22 to guarantee issuance and guarantee renewal of the additional benefit only to
23 employers who are participating in the MCHP private option plan established under
24 § 15-301.1 of the Health - General Article.

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