

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 581 (Chairman, Health and Government Operations)
(By Request – Departmental – Insurance Administration, Maryland)
Health and Government Operations

Health Insurance - Mandated Benefits - Exclusions for Preexisting Conditions

This departmental bill permits a health insurer to exclude coverage for a mandated health benefit in the individual market if: (1) the benefit relates to a condition revealed during medical underwriting; and (2) the benefit is excluded by a waiver rider that is signed by the insured.

Fiscal Summary

State Effect: None. The bill codifies existing practice/procedure.

Local Effect: None.

Small Business Effect: The Maryland Insurance Administration (MIA) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: Health insurance policies sold in the individual market must include mandated health benefits.

Background: Historically, insurers could offer insurance policies subject to medical underwriting, where an insurer agrees to offer coverage to an individual subject to the exclusion of a preexisting condition. While the individual would not be covered for medical services rendered for the preexisting condition, the individual would have access

to all other benefits of health insurance coverage. The availability of medically-underwritten policies permits many individuals to obtain affordable coverage when no other coverage is available to them. Currently, policies in the individual market are subject to mandated health insurance benefit laws. A carrier therefore may not impose a preexisting condition exclusion if the law requires that particular coverage be provided.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration, Department of Budget and Management (Employee Health Benefits), Department of Health and Mental Hygiene (Maryland Health Care Commission, AIDS Administration), Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2004
mam/jr

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