

UNOFFICIAL COPY OF HOUSE BILL 1091
EMERGENCY BILL

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(51r0058)

ENROLLED BILL
-- Health and Government Operations/Finance --

Introduced by **Chairman, Health and Government Operations Committee (By
Request - Departmental - Insurance Administration, Maryland)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance - Prohibition Against Reunderwriting**

3 FOR the purpose of prohibiting health insurers, health maintenance organizations,
4 and nonprofit health service plans from reunderwriting individuals for certain
5 health coverage under certain individual contracts after the contracts have been
6 issued; defining certain terms; making this Act an emergency measure; and
7 generally relating to reunderwriting individuals for health coverage under
8 health insurance.

9 BY adding to
10 Article - Insurance
11 Section 27-221
12 Annotated Code of Maryland
13 (2002 Replacement Volume and 2004 Supplement)

14 BY adding to

1 Article - Health - General
2 Section 19-706(ddd)
3 Annotated Code of Maryland
4 (2000 Replacement Volume and 2004 Supplement)

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

7 **Article - Insurance**

8 27-221.

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

11 (2) "CARRIER" MEANS A PERSON THAT IS:

12 (I) AN INSURER THAT HOLDS A CERTIFICATE OF AUTHORITY IN
13 THE STATE AND PROVIDES HEALTH INSURANCE IN THE STATE;

14 (II) A HEALTH MAINTENANCE ORGANIZATION THAT HOLDS A
15 CERTIFICATE OF AUTHORITY TO OPERATE IN THE STATE; OR

16 (III) A NONPROFIT HEALTH SERVICE PLAN THAT HOLDS A
17 CERTIFICATE OF AUTHORITY TO OPERATE IN THE STATE.

18 (3) "HEALTH COVERAGE" MEANS ANY OF THE FOLLOWING:

19 (I) A HEALTH INSURANCE CONTRACT THAT IS ISSUED OR
20 DELIVERED IN THE STATE BY AN INSURER;

21 (II) A CONTRACT THAT IS ISSUED OR DELIVERED IN THE STATE BY
22 A NONPROFIT HEALTH SERVICE PLAN; OR

23 (III) A CONTRACT THAT IS ISSUED OR DELIVERED IN THE STATE BY
24 A HEALTH MAINTENANCE ORGANIZATION.

25 (4) "HEALTH STATUS-RELATED FACTOR" HAS THE MEANING STATED IN
26 § 15-1301 OF THIS ARTICLE.

27 (5) "INDIVIDUAL CONTRACT" MEANS A CONTRACT BETWEEN A CARRIER
28 AND AN INDIVIDUAL COVERING:

29 (I) THE INDIVIDUAL;

30 (II) THE INDIVIDUAL AND THE INDIVIDUAL'S FAMILY MEMBERS; OR

31 (III) THE FAMILY MEMBERS OF THE INDIVIDUAL.

1 (6) (I) "REUNDERWRITE" MEANS TO REEVALUATE ANY HEALTH
 2 STATUS-RELATED FACTOR, OCCUPATION, HOBBY, OR ACTIVITY OF AN INDIVIDUAL
 3 FOR THE PURPOSE OF:

4 1. TERMINATING HEALTH COVERAGE OF THE INDIVIDUAL;
 5 OR

6 2. MOVING THE INDIVIDUAL FROM A MORE FAVORABLE
 7 RATE CLASS TO A LESS FAVORABLE RATE CLASS.

8 (II) "REUNDERWRITE" DOES NOT INCLUDE ~~WHEN A CARRIER:~~

9 1. ~~MOVES~~ MOVING AN INDIVIDUAL FROM ONE RATE TIER TO
 10 ANOTHER RATE TIER SOLELY DUE TO THE ADDITION OR DELETION OF A FAMILY
 11 MEMBER UNDER THE HEALTH COVERAGE;

12 2. ~~INCREASES~~ INCREASING THE PREMIUM UNDER AN
 13 ATTAINED AGE RATED CONTRACT SOLELY DUE TO THE INCREASING ~~AGE OF~~ AGE OF
 14 THE INDIVIDUAL COVERED UNDER THE HEALTH COVERAGE; ~~OR~~

15 3. ~~ON RECEIVING~~ RECEIPT OF AN APPLICATION FROM AN
 16 INSURED TO INCREASE THE BENEFITS UNDER AN EXISTING CONTRACT, ~~EVALUATES~~
 17 EVALUATING THE HEALTH STATUS-RELATED FACTORS, OCCUPATION, HOBBIES, OR
 18 ACTIVITIES OF THE INSURED FOR THE PURPOSE OF INCREASING THE BENEFITS
 19 UNDER THE CONTRACT; OR

20 4. DURING THE PERIOD IN WHICH A CARRIER HAS THE
 21 RIGHT TO CONTEST A POLICY, DENYING A CLAIM, AMENDING THE POLICY, MAKING
 22 AN ADJUSTMENT TO THE PREMIUM, OR RESCINDING THE POLICY BASED ON A
 23 MATERIAL MISREPRESENTATION OR FRAUD IN THE APPLICATION.

24 (B) A CARRIER MAY NOT REUNDERWRITE AN INDIVIDUAL FOR HEALTH
 25 COVERAGE UNDER AN INDIVIDUAL CONTRACT AFTER THE INDIVIDUAL CONTRACT
 26 HAS BEEN ISSUED.

27 **Article - Health - General**

28 19-706.

29 (DDD) THE PROVISIONS OF § 27-221 OF THE INSURANCE ARTICLE APPLY TO
 30 HEALTH MAINTENANCE ORGANIZATIONS.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
 32 measure, is necessary for the immediate preservation of the public health or safety,
 33 has been passed by a ye and nay vote supported by three-fifths of all the members
 34 elected to each of the two Houses of the General Assembly, and shall take effect from
 35 the date it is enacted.