

UNOFFICIAL COPY OF HOUSE BILL 1091
EMERGENCY BILL

C3

51r0058

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

Introduced and read first time: February 11, 2005

Assigned to: Health and Government Operations

A BILL ENTITLED

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
15 Article - Health - General
16 Section 19-706(ddd)
17 Annotated Code of Maryland
18 (2000 Replacement Volume and 2004 Supplement)

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

21 **Article - Insurance**

22 27-221.

23 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
24 INDICATED.

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

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

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

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

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

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

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

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

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

16 (5) "INDIVIDUAL CONTRACT" MEANS A CONTRACT BETWEEN A CARRIER
17 AND AN INDIVIDUAL COVERING:

18 (I) THE INDIVIDUAL;

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

20 (III) THE FAMILY MEMBERS OF THE INDIVIDUAL.

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

24 1. TERMINATING HEALTH COVERAGE OF THE INDIVIDUAL;
25 OR

26 2. MOVING THE INDIVIDUAL FROM A MORE FAVORABLE
27 RATE CLASS TO A LESS FAVORABLE RATE CLASS.

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

29 1. MOVES AN INDIVIDUAL FROM ONE RATE TIER TO
30 ANOTHER RATE TIER SOLELY DUE TO THE ADDITION OR DELETION OF A FAMILY
31 MEMBER UNDER THE HEALTH COVERAGE;

32 2. INCREASES THE PREMIUM UNDER AN ATTAINED AGE
33 RATED CONTRACT SOLELY DUE TO THE INCREASING AGE-OF THE INDIVIDUAL
34 COVERED UNDER THE HEALTH COVERAGE; OR

1 3. ON RECEIVING AN APPLICATION FROM AN INSURED TO
2 INCREASE THE BENEFITS UNDER AN EXISTING CONTRACT, EVALUATES THE HEALTH
3 STATUS-RELATED FACTORS, OCCUPATION, HOBBIES, OR ACTIVITIES OF THE
4 INSURED FOR THE PURPOSE OF INCREASING THE BENEFITS UNDER THE CONTRACT.

5 (B) A CARRIER MAY NOT REUNDERWRITE AN INDIVIDUAL FOR HEALTH
6 COVERAGE UNDER AN INDIVIDUAL CONTRACT AFTER THE INDIVIDUAL CONTRACT
7 HAS BEEN ISSUED.

8 **Article - Health - General**

9 19-706.

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

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