
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

Committee Report: Favorable

House action: Adopted

Read second time: March 22, 2005

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
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:

1 **Article - Insurance**

2 27-221.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
4 INDICATED.

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

6 (I) AN INSURER THAT HOLDS A CERTIFICATE OF AUTHORITY IN
7 THE STATE AND PROVIDES HEALTH INSURANCE IN THE STATE;8 (II) A HEALTH MAINTENANCE ORGANIZATION THAT HOLDS A
9 CERTIFICATE OF AUTHORITY TO OPERATE IN THE STATE; OR10 (III) A NONPROFIT HEALTH SERVICE PLAN THAT HOLDS A
11 CERTIFICATE OF AUTHORITY TO OPERATE IN THE STATE.

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

13 (I) A HEALTH INSURANCE CONTRACT THAT IS ISSUED OR
14 DELIVERED IN THE STATE BY AN INSURER;15 (II) A CONTRACT THAT IS ISSUED OR DELIVERED IN THE STATE BY
16 A NONPROFIT HEALTH SERVICE PLAN; OR17 (III) A CONTRACT THAT IS ISSUED OR DELIVERED IN THE STATE BY
18 A HEALTH MAINTENANCE ORGANIZATION.19 (4) "HEALTH STATUS-RELATED FACTOR" HAS THE MEANING STATED IN
20 § 15-1301 OF THIS ARTICLE.21 (5) "INDIVIDUAL CONTRACT" MEANS A CONTRACT BETWEEN A CARRIER
22 AND AN INDIVIDUAL COVERING:

23 (I) THE INDIVIDUAL;

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

25 (III) THE FAMILY MEMBERS OF THE INDIVIDUAL.

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

29 1. TERMINATING HEALTH COVERAGE OF THE INDIVIDUAL;

30 OR

31 2. MOVING THE INDIVIDUAL FROM A MORE FAVORABLE
32 RATE CLASS TO A LESS FAVORABLE RATE CLASS.

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

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

5 2. INCREASES THE PREMIUM UNDER AN ATTAINED AGE
6 RATED CONTRACT SOLELY DUE TO THE INCREASING AGE-OF THE INDIVIDUAL
7 COVERED UNDER THE HEALTH COVERAGE; OR

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

12 (B) A CARRIER MAY NOT REUNDERWRITE AN INDIVIDUAL FOR HEALTH
13 COVERAGE UNDER AN INDIVIDUAL CONTRACT AFTER THE INDIVIDUAL CONTRACT
14 HAS BEEN ISSUED.

15 **Article - Health - General**

16 19-706.

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

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