

Department of Legislative Services  
Maryland General Assembly  
2006 Session

FISCAL AND POLICY NOTE

House Bill 737 (Delegate Healey, *et al.*)  
Health and Government Operations

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**Health Insurance - Individual Health Benefit Plans - Pregnancy Coverage**

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This bill specifies that a health insurer, nonprofit health service plan, or HMO (carrier) that offers individual health benefit plans in the State may not apply an exclusion of coverage for preexisting conditions to health care services furnished for pregnancy. The bill applies to all individual health benefit plans issued, delivered, or renewed in the State on or after October 1, 2006.

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**Fiscal Summary**

**State Effect:** Minimal special fund revenue increase in FY 2007 for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee. MIA could review any revised contracts within existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Under the State's Health Insurance Portability and Accountability Act (HIPAA), a carrier may not impose a preexisting condition provision on any individual who has had 18 months or more of creditable coverage. A carrier may refuse to issue an individual health benefit plan to an eligible individual if the carrier demonstrates that: (1) it does not have the policyholder surplus necessary to underwrite the additional coverage; and (2) it is applying this provision uniformly to all individuals in the individual market

without regard to any health status-related factor and whether or not the individual is an eligible individual for purposes of creditable coverage.

The federal HIPAA specifies that in the individual market, pregnancy cannot be a preexisting condition for individuals who move from group to individual coverage and are HIPAA-eligible. However, individuals who are not HIPAA-eligible, and those moving from individual policy to individual policy in a state, do not have the same protection.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - February 16, 2006  
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