

# HOUSE BILL 788

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By: **Delegates Nathan-Pulliam, Benson, Cane, Conaway, Gaines, Glenn, Gutierrez, Kipke, Lee, Montgomery, Oaks, Pena-Melnyk, and Tarrant**

Introduced and read first time: February 9, 2007

Assigned to: Health and Government Operations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Collection of Racial and Ethnic Data – Nondiscrimination**

3 FOR the purpose of authorizing certain entities that provide health insurance to make  
4 an inquiry about race and ethnicity under certain circumstances, and subject to  
5 certain limitations; prohibiting the use of certain racial or ethnic information to  
6 deny or otherwise affect a health insurance policy or contract; providing that the  
7 provisions of certain insurance laws apply to health maintenance organizations;  
8 and generally relating to the collection and use of racial and ethnic data by  
9 health insurers.

10 BY adding to

11 Article – Health – General  
12 Section 19–706(jjj)  
13 Annotated Code of Maryland  
14 (2005 Replacement Volume and 2006 Supplement)

15 BY repealing and reenacting, without amendments,

16 Article – Insurance  
17 Section 27–501(a) and (b)  
18 Annotated Code of Maryland  
19 (2006 Replacement Volume and 2006 Supplement)

20 BY repealing and reenacting, with amendments,

21 Article – Insurance  
22 Section 27–501(c)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland  
2 (2006 Replacement Volume and 2006 Supplement)

3 BY adding to  
4 Article – Insurance  
5 Section 27–914  
6 Annotated Code of Maryland  
7 (2006 Replacement Volume and 2006 Supplement)

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

10 **Article – Health – General**

11 19–706.

12 **(JJJ) (1) THE PROVISIONS OF § 27–914 OF THE INSURANCE ARTICLE**  
13 **APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.**

14 **(2) FOR PURPOSES OF § 27–914(C) OF THE INSURANCE ARTICLE,**  
15 **§§ 4–113, 4–114, 27–501, AND 27–505 OF THE INSURANCE ARTICLE APPLY TO**  
16 **HEALTH MAINTENANCE ORGANIZATIONS.**

17 **Article – Insurance**

18 27–501.

19 (a) (1) An insurer or insurance producer may not cancel or refuse to  
20 underwrite or renew a particular insurance risk or class of risk for a reason based  
21 wholly or partly on race, color, creed, sex, or blindness of an applicant or policyholder  
22 or for any arbitrary, capricious, or unfairly discriminatory reason.

23 (2) Except as provided in this section, an insurer or insurance  
24 producer may not cancel or refuse to underwrite or renew a particular insurance risk  
25 or class of risk except by the application of standards that are reasonably related to  
26 the insurer’s economic and business purposes.

27 (b) (1) An insurer may not require special conditions, facts, or situations  
28 as a condition to its acceptance or renewal of a particular insurance risk or class of  
29 risks in an arbitrary, capricious, unfair, or discriminatory manner based wholly or  
30 partly on race, creed, color, sex, religion, national origin, place of residency, blindness,  
31 or other physical handicap or disability.

1 (2) Actuarial justification may be considered with respect to sex.

2 (c) (1) [An] **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**  
3 **SUBSECTION, AN** insurer or insurance producer may not make an inquiry about race,  
4 creed, color, or national origin in an insurance form, questionnaire, or other manner of  
5 requesting general information that relates to an application for insurance.

6 (2) **SUBJECT TO § 27-914 OF THIS TITLE, A HEALTH INSURER,**  
7 **NONPROFIT HEALTH SERVICE PLAN, OR HEALTH MAINTENANCE ORGANIZATION**  
8 **MAY MAKE AN INQUIRY ABOUT RACE AND ETHNICITY IN AN INSURANCE FORM,**  
9 **QUESTIONNAIRE, OR OTHER MANNER REQUESTING GENERAL INFORMATION**  
10 **FOR THE EVALUATION OF QUALITY OF CARE OUTCOMES AND PERFORMANCE**  
11 **MEASUREMENTS, INCLUDING THE COLLECTION OF INFORMATION REQUIRED**  
12 **UNDER § 19-134 OF THE HEALTH – GENERAL ARTICLE.**

13 **27-914.**

14 (A) **THIS SECTION DOES NOT APPLY TO LIFE INSURANCE POLICIES,**  
15 **ANNUITY CONTRACTS, LONG-TERM CARE INSURANCE POLICIES, OR DISABILITY**  
16 **INSURANCE POLICIES.**

17 (B) **A HEALTH INSURER, NONPROFIT HEALTH SERVICE PLAN, OR**  
18 **HEALTH MAINTENANCE ORGANIZATION MAY NOT USE RACE OR ETHNICITY DATA**  
19 **TO REJECT, DENY, LIMIT, CANCEL, REFUSE TO RENEW, INCREASE THE RATES**  
20 **OF, AFFECT THE TERMS OR CONDITIONS OF, OR OTHERWISE AFFECT A HEALTH**  
21 **INSURANCE POLICY OR CONTRACT.**

22 (C) (1) **FOR PURPOSES OF THIS SUBSECTION, §§ 4-113, 4-114,**  
23 **27-501, AND 27-505 OF THIS ARTICLE APPLY TO NONPROFIT HEALTH SERVICE**  
24 **PLANS AND HEALTH MAINTENANCE ORGANIZATIONS.**

25 (2) **THE COMMISSIONER MAY ISSUE AN ORDER UNDER §§ 4-113,**  
26 **4-114, 27-501, AND 27-505 OF THIS ARTICLE IF THE COMMISSIONER FINDS A**  
27 **VIOLATION OF THIS SECTION.**

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 October 1, 2007.