

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 277 (Chair, Health and Government Operations Committee)
(By Request – Departmental – Insurance Administration, Maryland)
Health and Government Operations and Economic Matters Finance

**Maryland Insurance Commissioner - Adoption of Regulations Applicable in an
Emergency - Required**

This departmental bill requires the Maryland Insurance Commissioner to adopt regulations that may be applied when the Governor has declared a state of emergency or the President of the United States has issued a major disaster or emergency declaration. To activate a regulation, the Insurance Commissioner must issue a bulletin in a specified manner.

Fiscal Summary

State Effect: Enforcement could be handled with existing resources.

Local Effect: None.

Small Business Effect: The Maryland Insurance Administration (MIA) has determined that the bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment reflects amendments to the bill)

Analysis

Bill Summary: The regulations required under the bill may apply to any person regulated under the Insurance Article and HMOs but do not apply to Medicaid managed care organizations.

The regulations may address • submission of claims or proof of loss; • grace periods for payment of premiums and performance of other duties by insureds; • temporary postponement of cancellations, nonrenewals, premium increases, or policy modifications; • procedures for obtaining nonelective health care services; • time restrictions for filling or refilling prescription drugs; • timeframes applicable to an action by the Insurance Commissioner; and • any other activity necessary to protect the residents of the State.

The bulletin issued to activate a regulation must specify • that the regulation is activated; • the line or lines of business to which the regulation applies; • the geographic area(s) to which the regulation applies; and • the period of time for which the regulation applies. A regulation may not apply beyond the duration of or the geographical area(s) included within the declaration of a state of emergency or disaster. The bulletin must be provided to the emergency contact designated by the person subject to the bulletin and may be posted on the MIA web site.

Current Law: The Insurance Commissioner may ask insurers to take certain actions in the event of an emergency but does not have the authority to require such actions.

Background: In recent years, MIA has witnessed consumer harm after emergencies and disasters both locally and nationally and determined that the Insurance Commissioner needs additional flexibility in an emergency to ensure that consumers are protected.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 29, 2008
mll/ljm Revised - House Third Reader - March 20, 2008

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