

CHAPTER 663

(House Bill 235)

AN ACT concerning

Health Insurance – Rescission of Contracts and Certificates – Restrictions

FOR the purpose of prohibiting certain carriers from rescinding a contract or certificate under certain circumstances; requiring the carrier to have the burden of persuasion that a rescission complies with certain provisions of this Act; applying certain provisions of this Act to health maintenance organizations; defining certain terms; providing for the application of this Act; and generally relating to the rescission of health insurance contracts and certificates.

BY adding to

Article – Health – General

Section 19–706(ttt)

Annotated Code of Maryland

(2005 Replacement Volume and 2008 Supplement)

BY adding to

Article – Insurance

Section 15–1105 to be under the amended subtitle “Subtitle 11. Miscellaneous Health Insurance Policies and Contracts and Health Benefit Plans”

Annotated Code of Maryland

(2006 Replacement Volume and 2008 Supplement)

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

Article – Health – General

19–706.

(TTT) THE PROVISIONS OF § 15–1105 OF THE INSURANCE ARTICLE APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.

Article – Insurance

Subtitle 11. Miscellaneous Health Insurance Policies **AND CONTRACTS AND HEALTH BENEFIT PLANS.**

15–1105.

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

(2) "CARRIER" MEANS:

(I) AN INSURER;

(II) A NONPROFIT HEALTH SERVICE PLAN; OR

(III) A HEALTH MAINTENANCE ORGANIZATION.

(3) "EVIDENCE OF INDIVIDUAL INSURABILITY" MEANS MEDICAL OR OTHER INFORMATION THAT INDICATES HEALTH STATUS AND IS USED TO DETERMINE WHETHER COVERAGE OF AN INDIVIDUAL IS TO BE:

(I) ISSUED OR DENIED; OR

(II) ISSUED WITH OR WITHOUT AN EXCLUSIONARY RIDER.

(4) "HEALTH BENEFIT PLAN" HAS THE MEANING STATED IN § 15-1301 OF THIS TITLE.

(B) IF A CARRIER CONDITIONS COVERAGE FOR A HEALTH BENEFIT PLAN ON EVIDENCE OF INDIVIDUAL INSURABILITY, THE CARRIER MAY NOT RESCIND A CONTRACT OR A CERTIFICATE ON THE BASIS OF WRITTEN INFORMATION SUBMITTED ON OR WITH, OR OMITTED FROM, AN APPLICATION FOR THE HEALTH BENEFIT PLAN UNLESS THE CARRIER COMPLETED MEDICAL UNDERWRITING AND RESOLVED ALL REASONABLE MEDICAL QUESTIONS RELATED TO THE WRITTEN INFORMATION SUBMITTED ON OR WITH, OR OMITTED FROM, THE APPLICATION BEFORE ISSUING THE HEALTH BENEFIT PLAN.

(C) THE CARRIER SHALL HAVE THE BURDEN OF PERSUASION THAT ITS RESCISSION OF A HEALTH BENEFIT PLAN COMPLIES WITH SUBSECTION (B) OF THIS SECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all policies, contracts, certificates, and health benefit plans issued, delivered, or renewed in the State on or after October 1, 2009.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2009.

Approved by the Governor, May 19, 2009.