

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**

**Revised**

House Bill 814 (Delegate Kach, *et al.*)

Health and Government Operations

Finance

---

**Health Insurance - Individual Health Benefit Plans - Frequency of Premium  
Increases**

---

This bill prohibits insurers, health maintenance organizations, nonprofit health service plans, or any other person or organization that provides health benefit plans subject to State insurance regulation from increasing the premium on an individual health benefit plan more frequently than once every 12 months, unless the increase is due solely to the enrollment of a new family member.

This bill applies to all individual health benefit plans issued, delivered, or renewed in the State on or after October 1, 2010.

---

**Fiscal Summary**

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** None.

**Small Business Effect:** None.

---

**Analysis**

**Current Law:** In the individual market, carriers may medically underwrite policies. The carrier may only inquire about a preexisting condition, illness, or disease for which the applicant has received medical care during the five years immediately before the date of application. An insurer or nonprofit health service plan must cover any condition revealed in the application or add an exclusionary rider for that particular condition. A carrier that issued a high-level or low-level policy form prior to July 1, 2004, may not

charge a rate to eligible individuals under either policy form that is greater than 200% of the amount the carrier normally would charge for the same or similar policy forms to other individuals. There are no limitations on the frequency of rate increases.

**Background:** In 2009, there were 169,629 covered lives in the individual market – a figure that has remained relatively stable over the past five years. Approximately 3.4% of the State population younger than age 65 is insured in the individual market.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 24, 2010  
mlm/mwc Revised - House Third Reader - March 24, 2010

---

Analysis by: Sarah K. Volker

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510