

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

**FISCAL AND POLICY NOTE**

House Bill 1027 (Delegate Mizeur)  
Health and Government Operations

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**Gender Equity Health Coverage Act**

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This bill prohibits an insurer, nonprofit health service plan, or health maintenance organization from (1) considering sex in underwriting a particular insurance risk or class of risks; and (2) making or allowing a differential in ratings, premium payments, or dividends for a reason based on the sex of the applicant or policyholder in the individual health insurance market. The Insurance Commissioner must review the underwriting standards and rating practices of each insurer, nonprofit health service plan, or health maintenance organization offering comprehensive health insurance in the individual market.

The bill applies to all policies, contracts, and health benefit plans offered to individuals that are issued, delivered, or renewed in the State on or after October 1, 2010.

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**Fiscal Summary**

**State Effect:** Minimal special fund revenue increase in FY 2011 for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee. MIA can handle the review of revised contracts with existing resources.

**Local Effect:** None.

**Small Business Effect:** None. The bill does not apply to the small group health insurance market.

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## Analysis

**Current Law:** In the individual market, an insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk based on the color, creed, sex, or blindness of an applicant or policyholder or for any arbitrary, capricious, or unfairly discriminatory reason. An insurer may not require special conditions, facts, or situations as a condition of acceptance or renewal of a particular insurance risk or class of risks in an arbitrary, capricious, unfair, or discriminatory manner based on race, creed, color, sex, religion, national origin, place of residency, blindness, or other physical handicap or disability. Actuarial justification may be considered with respect to sex.

Health maintenance organizations are prohibited from discriminating unfairly on the basis of sex in offering and terminating contracts.

Carriers in the small group market (businesses with 2 to 50 employees) have to use a community rate that must be based on the experience of all risks covered by that health benefit plan without regard to health status or occupation. The rate may only be adjusted for age and geographical location. Carriers may charge a rate that is 40% above or 50% below the community rate and offer a discounted rate of up to 20% to a small employer for participation in a wellness program.

**Background:** According to the National Women's Law Center (NWLC), nearly two-thirds of all women ages 18 to 64 have insurance through an employer, while 16% are insured through a public program. Only a small percentage of women (about 7%) purchase health insurance directly in the individual market. In a 2008 study, NWLC found that insurance companies in most states are permitted to charge different rates based on gender, which results in wide variations in rates charged to women and men for the same coverage.

According to the National Conference of State Legislatures, 10 states have enacted laws that prohibit insurers from using sex in premium setting.

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## Additional Information

**Prior Introductions:** HB 1280 of 2009, a similar bill, received an unfavorable report from the House Health and Government Operations Committee.

**Cross File:** None.

**Information Source(s):** CareFirst Blue Cross/Blue Shield, Department of Budget and Management, Maryland Health Insurance Plan, Department of Health and Mental Hygiene, Maryland Insurance Administration, National Women's Law Center, National Conference of State Legislatures, Department of Legislative Services

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