

**Department of Legislative Services**  
Maryland General Assembly  
2019 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 28

(Chair, Finance Committee)(By Request - Departmental -  
Maryland Insurance Administration)

Finance

Health and Government Operations

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**Health Insurance - Coverage Requirements for Behavioral Health Disorders -  
Short-Term Limited Duration Insurance**

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This departmental bill alters the definition of “health benefit plan” to ensure that the State’s mental health parity law applies to short-term limited duration insurance.

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**Fiscal Summary**

**State Effect:** Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2020 from the \$125 rate and form filing fee. MIA can likely review additional filings with existing resources.

**Local Effect:** None.

**Small Business Effect:** MIA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

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**Analysis**

**Current Law:** “Short-term limited duration insurance” is health insurance coverage provided under a policy or contract with a carrier that (1) has a policy term that is less than three months after the original date of the contract; (2) may not be extended or renewed; (3) applies the same underwriting standards to all applicants; and (4) prominently displays in the contract and in any application materials that it is not minimum essential coverage under the federal Patient Protection and Affordable Care Act.

For a group or blanket plan, “health benefit plan” means any (1) hospital or medical policy covering Maryland residents; (2) policy or contract issued by a nonprofit health service plan that covers Maryland residents; or (3) health maintenance organization subscriber or group master contract.

For an individual plan, “health benefit plan” means a (1) hospital or medical policy *or certificate* covering Maryland residents; (2) policy, contract, *or certificate* issued by a nonprofit health service plan that covers Maryland residents; or (3) health maintenance organization subscriber or group master contract.

**Background:** Chapter 363 of 2015, among other actions, substantially amended Maryland’s mental health parity law (§ 15-802 of the Insurance Article) to ensure that the statute was not more restrictive than the federal Mental Health Parity and Addiction Equity Act. Chapter 363 altered definitions; clarified applicability; and modified requirements for health benefit plans subject to § 15-802 to provide a minimum amount of benefits for the diagnosis and treatment of a mental illness, emotional disorder, or substance use disorder and to standardize required coverage levels for individual, group, and blanket health insurance plans (previously referred to as policies or contracts). By revising the scope to refer to “health benefit plans,” Chapter 363 inadvertently exempted short-term limited duration insurance from the requirements of § 15-802.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - January 28, 2019  
an/ljm Third Reader - February 8, 2019

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**ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

**TITLE OF BILL:** Health Insurance - Coverage Requirements for Behavioral Health Disorders - Short-Term Limited Duration Insurance

**BILL NUMBER:** SB0028

**PREPARED BY:**  
(Dept./Agency) Maryland Insurance Administration

**PART A. ECONOMIC IMPACT RATING**

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

**PART B. ECONOMIC IMPACT ANALYSIS**

There is no fiscal impact on small business associated with this legislation.