

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 543  
Finance

(Senator Eckardt)

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Insurance - Health Care Sharing Ministries - Exemption

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This bill explicitly exempts a “health care sharing ministry” (HCSM), as defined by federal law, from State health insurance laws. **The bill takes effect June 1, 2021.**

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Fiscal Summary

**State Effect:** Since it is assumed that this bill applies in a limited number of cases, State finances are not materially affected.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary/Current Law:** Under federal law, an HCSM means an organization:

- described in and exempt from taxation under the Internal Revenue Code;
- members of which share a common set of ethical or religious beliefs and share medical expenses among members in accordance with those beliefs and without regard to the state in which a member resides or is employed;
- members of which retain membership even after the member develops a medical condition;

- which has been in existence, or that has a predecessor that has been in existence since December 31, 1999, and in which medical expenses of its members have been shared continuously and without interruption since at least that date; and
- that conducts an annual audit that is made available to the public on request.

Under current law, Maryland provides a “safe harbor” for HCSMs by exempting from insurance law a voluntary noncontractual religious publication arrangement that:

- is a nonprofit religious organization for which the State may not be held liable or responsible for any of its debts, claims, obligations, or liabilities;
- publishes a newsletter only for members of the same denomination or religion;
- acts as an organizational clearinghouse for information between subscribers who have medical costs and subscribers who choose to assist with those costs;
- matches subscribers with a willingness to pay and subscribers with medical costs;
- coordinates payments directly from one subscriber to another;
- suggests amounts to give that are voluntary, with no assumption of risk or promise to pay either among the subscribers or between the subscribers and the organization;
- does not use a compensated insurance producer, representative, or other person to solicit or enroll subscribers;
- does not make a representation that it is operating in a financially sound manner or that it has had a successful history of meeting subscribers’ medical costs;
- provides to each subscriber a written monthly statement listing both the total dollar amount of qualified medical costs submitted for publication and the amount actually published and assigned for payment;
- does not use funds paid by subscribers for medical costs to cover administrative costs; and
- provides a specified written disclaimer as a separate cover sheet for any and all documents distributed by or on behalf of the exempt arrangement.

Such arrangements must submit a registration statement, including a copy of any application forms and guidelines, promotional, or informational material distributed by or on behalf of the arrangement, to the Secretary of State in accordance with the provisions for charitable organizations.

The bill explicitly exempts an HCSM from State health insurance law, which absolves such entities from the requirement to submit a registration statement and related documents to the Secretary of State.

## **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - February 12, 2021  
rh/ljm

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