

SENATE BILL 211

J5

(PRE-FILED)

5lr0089
CF HB 116

By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: October 6, 2024

Introduced and read first time: January 8, 2025

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Federal Conformity – Definitions of Health Benefit Plan**

3 FOR the purpose of altering certain definitions of “health benefit plan” to conform to federal
4 regulatory requirements regarding hospital indemnity; and generally relating to
5 health insurance and conformity with federal law.

6 BY repealing and reenacting, without amendments,

7 Article – Insurance

8 Section 15–1201(a), 15–1301(a), 15–1401(a), and 31–101(a)

9 Annotated Code of Maryland

10 (2017 Replacement Volume and 2024 Supplement)

11 BY repealing and reenacting, with amendments,

12 Article – Insurance

13 Section 15–1201(i)(3)(ix), 15–1301(l)(2)(iv), 15–1401(h)(2)(iii), and 31–101(g)(4)

14 Annotated Code of Maryland

15 (2017 Replacement Volume and 2024 Supplement)

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

18 **Article – Insurance**

19 15–1201.

20 (a) In this subtitle the following words have the meanings indicated.

21 (i) (3) “Health benefit plan” does not include:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (ix) hospital indemnity or other fixed indemnity insurance if[:
- 2 1. the benefits are provided under a separate policy,
3 certificate, or contract;
- 4 2. there is no coordination between the provision of the
5 benefits and an exclusion of benefits under any group health plan maintained by the same
6 employer;
- 7 3. the benefits are paid with respect to an event, without
8 regard to whether benefits are provided with respect to the event under any group health
9 plan maintained by the same employer; and
- 10 4. the benefits are payable in a fixed dollar amount per
11 period of time, regardless of the amount of expenses incurred] **THE COVERAGE QUALIFIES**
12 **FOR THE EXCEPTION DESCRIBED IN 45 C.F.R. § 146.145(B)(4); or**

13 15–1301.

14 (a) In this subtitle the following words have the meanings indicated.

15 (l) (2) “Health benefit plan” does not include:

- 16 (iv) hospital indemnity or other fixed indemnity insurance if[:
- 17 1. offered as independent, noncoordinated benefits;
- 18 2. the benefits are paid in a fixed dollar amount per period of
19 hospitalization, illness, or service, regardless of the amount of expenses incurred and of the
20 amount of benefits provided with respect to the event or service under any other health
21 coverage; and
- 22 3. a notice is displayed prominently in the application
23 materials, in at least 14 point type, that has the following language in capital letters: “This
24 is a supplement to health insurance and is not a substitute for major medical coverage.
25 Lack of major medical coverage (or other minimum essential coverage) may result in an
26 additional payment with your taxes.”] **THE COVERAGE QUALIFIES FOR THE EXCEPTION**
27 **DESCRIBED IN 45 C.F.R. § 148.220(B)(4); or**

28 15–1401.

29 (a) In this subtitle the following words have the meanings indicated.

30 (h) (2) “Health benefit plan” does not include:

1 (iii) the following benefits if offered as independent, noncoordinated
2 benefits:

3 1. coverage only for a specified disease or illness; and

4 2. hospital indemnity or other fixed indemnity insurance, if
5 the [benefits are payable in a fixed dollar amount per period of time, regardless of the
6 amount of expenses incurred] **COVERAGE QUALIFIES FOR THE EXCEPTION DESCRIBED
7 IN 45 C.F.R. § 146.145(B)(4); or**

8 31–101.

9 (a) In this subtitle the following words have the meanings indicated.

10 (g) (4) “Health benefit plan” does not include the following benefits if the
11 benefits are provided under a separate policy, certificate, or contract of insurance, there is
12 no coordination between the provision of the benefits and any exclusion of benefits under
13 any group health plan maintained by the same plan sponsor, and the benefits are paid with
14 respect to an event without regard to whether the benefits are provided under any group
15 health plan maintained by the same plan sponsor:

16 (i) coverage only for a specified disease or illness; **OR**

17 (ii) [group] hospital indemnity or other fixed indemnity insurance,
18 if the [benefits are payable in a fixed dollar amount per period of time, such as \$100 per
19 day of hospitalization, regardless of the amount of expenses incurred; or

20 (iii) individual hospital indemnity or other fixed indemnity
21 insurance, if:

22 1. the benefits are paid in a fixed dollar amount per period of
23 hospitalization, illness, or service, regardless of the amount of expenses incurred and of the
24 amount of benefits provided with respect to the event or service under any other health
25 coverage; and

26 2. a notice is displayed prominently in the application
27 materials, in at least 14 point type, that has the following language in capital letters: “This
28 is a supplement to health insurance and is not a substitute for major medical coverage.
29 Lack of major medical coverage (or other minimum essential coverage) may result in an
30 additional payment with your taxes.”] **COVERAGE QUALIFIES FOR THE EXCEPTION
31 DESCRIBED IN 45 C.F.R. § 146.145(B)(4) AND 45 C.F.R. § 148.220(B)(4).**

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
33 October 1, 2025.