

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 936 (Delegate Shetty, *et al.*)
Health and Government Operations

Health Insurance - Cancellation and Nonrenewal of Coverage - Required Notice

This bill requires a carrier to send a written notice of cancellation or nonrenewal of coverage of a small employer plan by certified mail, return receipt requested, and notice delivered by electronic means, as specified. The notice must include information on additional health benefit coverage options, including continuation of coverage through the Consolidated Omnibus Budget Reconciliation Act, if available, and plans available through the Maryland Health Benefit Exchange. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: The bill has no fiscal or operational impact on the Maryland Insurance Administration.

Local Effect: The bill has no fiscal or operational impact on local governments.

Small Business Effect: Potential meaningful.

Analysis

Current Law: When a carrier elects not to renew a particular product for all small employers in the State, the carrier must provide notice of the nonrenewal at least 90 days before the date of the nonrenewal to each affected small employer and enrolled employee, as well as the Insurance Commissioner.

The carrier must offer each affected small employer the option to purchase all other health benefit plans currently offered by the carrier in the small group market. The carrier must act uniformly with regard to the claims experience of any affected small employer or any

health status-related factor of any affected individual. Within seven days after cancellation or nonrenewal of a health benefit plan, the carrier must send to each enrolled employee written notice of its action.

Section 27-602.2 of the Insurance Article specifies how an insurer must deliver notices by electronic means. A notice may be delivered by electronic means by an insurer if:

- the party (applicant, insured, or policyholder) has affirmatively consented to that method of delivery and has not withdrawn the consent;
- the party, before giving consent, is provided with a clear and conspicuous statement informing the party of:
 - any right to have the notice provided in paper or another nonelectronic form;
 - the right of the party to withdraw consent to have notice delivered by electronic means and any fees, conditions, or consequences;
 - whether the party's consent applies only to the particular transaction or to identified categories of notices that may be delivered by electronic means;
 - how the party may obtain a paper copy of a notice delivered by electronic means and the fee, if any, for the paper copy; and
 - the procedures the party must use to withdraw consent and to update information needed to contact the party electronically;
- the party, before giving consent, is provided with a statement of the hardware and software requirements for access to and retention of a notice delivered by electronic means and consents electronically, or confirms consent electronically; and
- after consent is given, the insurer, in the event of a change in the hardware or software requirements provides the party with a statement of the revised hardware and software requirements and the right of the party to withdraw consent without the imposition of any fee, condition, or consequence that was not disclosed.

Small Business Effect: Employees of small businesses will receive notice of cancellation both electronically and by certified mail, return receipt and the notice will provide the employees with available coverage options.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the past three years.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 19, 2025
caw/ljm

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