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Date: January 16, 2025

Bill # / Title: Senate Bill 211 - Health Insurance - Conformity With Federal Law

Committee: Senate Finance Committee

Position: Support with Amendments

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support, with amendments, for Senate Bill 211, which is a Departmental bill.

Senate Bill 211 conforms sections of Maryland's Insurance Article to align Maryland law with a recently enacted rule promulgated by the federal Department of Health and Human Services (HHS) which includes a new disclosure requirement for hospital indemnity and other fixed indemnity insurance. The language updates the Maryland Insurance Article in four places in order to reflect the notice requirements in the recently promulgated HHS rule on Short-Term Limited-Duration Insurance and Independent, Noncoordinated Excepted Benefits Coverage.

Fixed indemnity insurance is a type of limited benefit product that pays a flat dollar amount when a covered person experiences certain losses resulting from sickness or injury. Typical benefits include a lump sum payment for admission to a hospital, daily fixed-dollar payments for each day of confinement, or a small fixed-dollar payment for each visit to a doctor's office. The benefit payments are not based on the actual medical expenses incurred by the consumer for the loss, and the consumer will receive the full amount of the benefit payment, even if the payment exceeds the cost of medical services received. In most cases, however, the benefit payment will be significantly less than the medical expenses incurred. The consumer may use the funds received from the benefit payments under an indemnity policy in any manner they wish, and these products can provide a valuable supplement to comprehensive health insurance.

In the time since the MIA submitted this bill for consideration by the Maryland Senate, a federal court in the Eastern District of Texas issued a ruling vacating the federal notice requirements referenced in SB 211 in the case *ManhattanLife Insurance and Annuity Company et al. v. U.S. Department of Health and Human Services, et al.* The federal rule is currently stayed from enforcement. As such, the MIA respectfully requests the opportunity to work with stakeholders to determine what change might be appropriate in Maryland law this year with respect to this issue.

Thank you for your consideration of this legislation and we look forward to working with the Committee and with stakeholders on amendments.