

# **FINAL SB 211 - MIA - FWA.pdf**

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Position: FWA

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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.

# **SB211 LOC Conformity Final.pdf**

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Position: INFO



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**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**  
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January 14, 2025

To: The Honorable, Pamela Beidle, Chair  
From: Irnise F. Williams, Deputy Director, Health Education Advocacy Unit  
Re: Senate Bill 0211- Health Insurance - Federal Conformity - Definitions of Health Benefit Plan-  
**Letter of Concern**

The Office of the Attorney General's Health Education and Advocacy Unit writes with concern about Senate Bill 0211, a bill intended to conform Maryland law with updated federal regulations requiring more comprehensive notice to consumers about the limited nature of hospital indemnity or other fixed indemnity insurance plans. This bill incorporates the federal regulation by reference. That federal regulation was challenged and the notice provisions vacated by the US District Court, Eastern District of Texas in *Manhattan Life Insurance and Annuity Co., et al., v U.S. Department of Health and Human Services, et al.*

The HEAU supports a more comprehensive notice to consumers about the limited nature of hospital indemnity or other fixed indemnity insurance plans, as was intended in the now vacated federal regulations, and would support Maryland-specific legislation to buttress notice to help ensure consumers are able to make informed purchasing decisions and mitigate the risk that consumers could make by mistakenly enrolling in a hospital indemnity or fixed indemnity insurance plan.

Hospital indemnity or other fixed indemnity insurance excepted benefits coverage generally provide limited benefits at lower premiums than comprehensive coverage, and enrollment is typically available at any time (sometimes subject to medical underwriting) rather than being restricted to open and special enrollment periods. Like other forms of excepted benefits, fixed indemnity excepted benefits coverage does not provide comprehensive coverage. These plans are designed for income replacement or to be used as a supplement to major medical plans, to offset out-of-pocket expenses, but are being marketed as comprehensive coverage, leaving consumers without adequate insurance when they most need it. [See, \*Fixed Indemnity Health Coverage is a Problematic Form of Junk Insurance\*.](#)

The HEAU is concerned about the financial and health risks that consumers face if they use this form of coverage as a substitute for comprehensive coverage, particularly when they do so without understanding the nature of the product they are purchasing.

We look forward to working with the MIA to reconsider the approach taken in this bill given the legal status of the current regulations, and the policy consideration at issue.