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**Date:** February 20, 2025

**Bill # / Title:** House Bill 936 - Health Insurance - Cancellation and Nonrenewal of Coverage - Required Notice

**Committee:** House Health and Government Operations Committee

**Position:** Letter of Information

The Maryland Insurance Administration (MIA) appreciates the opportunity to provide information regarding House Bill 936.

If enacted, House Bill 936 will require carriers to send the written notice of cancellation to each enrolled employee of a small employer plan by certified mail, return receipt requested, and electronically, pursuant to the requirements of § 27-601.2. This notice will include information on additional health benefit coverage options, including COBRA, if available, as well as other health plans available through the Exchange.

The MIA notes that notice by certified mail only could delay receipt for some employees. However, it should be highlighted that the bill as drafted, requires *both* written notice by certified mail *and* electronic notice. This reflects the sponsor's intent to ensure the bill addresses the needs of those losing coverage, where electronic notice *alone* might not be sufficient. By requiring *both* certified mail *and* electronic notice, the aim of the bill is to ensure that individuals facing the potential loss of coverage are adequately informed of policy cancellations and do not unknowingly allow their policy to lapse.

*From a technical perspective*, on page 2, the bill requires that the notice provide "information on additional health coverage options," including through COBRA and the Maryland Health Benefit Exchange (MHBE). The MIA recommends clarification regarding the type of "additional health benefit coverage information" that would meet the requirements of the statute. For enforcement purposes, the MIA would suggest including in the statute a specific statement or statements that need to be added to the notices regarding the Exchange and COBRA. The MIA recommends a statement along the lines of "You may be eligible to obtain health insurance coverage through [MARYLAND HEALTH BENEFIT EXCHANGE or COBRA]," which could be tailored to the consumer's eligibility for other coverage. The bill should also indicate that the information on COBRA should be added to the notice only if applicable, which would proactively address potential consumer confusion regarding this provision.

Further, the MIA recommends the bill require carriers to send the written notice of cancellation to each enrolled employee of a small employer plan by means of first-class mail tracking method, as defined in § 1-101(m-1) of the Maryland Insurance Article, as opposed to via certified mail with return receipt requested. This requirement better aligns with notification requirements found elsewhere in the Insurance Article, and may result in fewer delays in receipt.

Thank you for the opportunity to provide this letter of information. The MIA is available to provide additional information and assistance to the Committee.