HOUSE BILL 240

J5 4lr0318
(PRE–FILED) CF SB 227

By: **Chair, Health and Government Operations Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: September 15, 2023
Introduced and read first time: January 10, 2024
Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Cancellation of Individual Health Benefit Plans**
3 **– Restriction**

4 FOR the purpose of prohibiting a carrier, under certain circumstances, from canceling an
5 individual health benefit plan if a policyholder pays less than the net monthly
6 premium due to the carrier; and generally relating to the cancellation of individual
7 health benefit plans.

8 BY repealing and reenacting, with amendments,
9 Article – Insurance
10 Section 15–1309(a) and (f)
11 Annotated Code of Maryland
12 (2017 Replacement Volume and 2023 Supplement)

13 BY adding to
14 Article – Insurance
15 Section 15–1309(j)
16 Annotated Code of Maryland
17 (2017 Replacement Volume and 2023 Supplement)

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

20 **Article – Insurance**

21 15–1309.

22 (a) (1) In this section the following words have the meanings indicated.

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

1 **(2) "NET MONTHLY PREMIUM" MEANS THE AMOUNT AN INDIVIDUAL**
2 **PAYS ON A MONTHLY BASIS FOR COVERAGE UNDER A HEALTH BENEFIT PLAN AFTER**
3 **CREDIT FOR AN ADVANCED PREMIUM TAX CREDIT OR A STATE SUBSIDY, IF ANY, IS**
4 **APPLIED TO THE TOTAL MONTHLY PREMIUM DUE TO THE CARRIER.**

5 **[**(2)**] (3)** "Plan" means, with respect to a product, the pairing of the health
6 benefits under the product with a particular cost–sharing structure, provider network, and
7 service area.

8 **[**(3)**] (4)** (i) "Product" means a discrete package of health benefits that
9 are offered using a particular product network type within a geographic service area.

10 (ii) "Product" comprises all plans offered within the product.

11 **[**(4)**] (5)** "Uniform modification of coverage" means a change to a health
12 benefit plan that meets the criteria stated in 45 C.F.R. § 147.106(e).

13 (f) **[**A**] SUBJECT TO SUBSECTION (J) OF THIS SECTION, A** carrier may not
14 cancel or refuse to renew an individual health benefit plan except:

15 (1) for nonpayment of the required premiums;

16 (2) where the individual has performed an act or practice that constitutes
17 fraud;

18 (3) where the individual has made an intentional misrepresentation of
19 material fact under the terms of the coverage;

20 (4) where the carrier elects not to renew all of its individual health benefit
21 plans in the State in accordance with this article;

22 (5) where the individual no longer resides, lives, or works in the service
23 area, provided that:

24 (i) the coverage is terminated under this provision uniformly
25 without regard to any health status–related factor of covered individuals; and

26 (ii) notice of the termination is provided to the individual at least 90
27 calendar days before the date coverage will be terminated; or

28 (6) for individual health benefit plans that are not grandfathered health
29 plans, as defined in 45 C.F.R. § 147.140, where a carrier discontinues offering a particular
30 product in the individual market, if the carrier:

31 (i) at least 90 days before discontinuation of the product, provides
32 notice of the discontinuation to each individual provided coverage under the product;

1 (ii) offers each individual provided coverage under the product the
2 option to purchase any other individual health benefit plan coverage offered by the carrier
3 for individuals in the State; and

4 (iii) acts uniformly without regard to any health status–related factor
5 of enrolled individuals or individuals who may become eligible for the coverage.

6 **(J) (1) NOTWITHSTANDING SUBSECTION (F)(1) OF THIS SECTION AND**
7 **SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, A CARRIER MAY NOT CANCEL AN**
8 **INDIVIDUAL HEALTH BENEFIT PLAN IF:**

9 **(I) THE POLICYHOLDER HAS MADE A PREMIUM PAYMENT**
10 **BEFORE THE END OF THE GRACE PERIOD;**

11 **(II) THE AMOUNT OF THE PREMIUM PAYMENT MADE IS LESS**
12 **THAN THE AGGREGATE AMOUNT OF THE NET MONTHLY PREMIUM DUE FROM THE**
13 **POLICYHOLDER AS OF THE DATE OF THE PAYMENT;**

14 **(III) THE AMOUNT OF THE DEFICIENCY IS $10 OR LESS; AND**

15 **(IV) THE POLICYHOLDER PAYS THE REMAINDER OF THE NET**
16 **MONTHLY PREMIUM DUE WITHIN 30 DAYS AFTER A WRITTEN NOTICE REQUIRED**
17 **UNDER PARAGRAPH (2) OF THIS SUBSECTION IS SENT BY THE CARRIER.**

18 **(2) IF A CARRIER RECEIVES A PREMIUM PAYMENT THAT IS LESS THAN**
19 **THE NET MONTHLY PREMIUM DUE, THE CARRIER SHALL PROVIDE WRITTEN NOTICE**
20 **OF THE INSUFFICIENCY TO THE POLICYHOLDER.**

21 **(3) A CARRIER MAY CANCEL A POLICY IF THE POLICYHOLDER DOES**
22 **NOT MAKE A DUE NET MONTHLY PREMIUM PAYMENT MORE THAN THREE TIMES IN A**
23 **POLICY YEAR.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2024.