

Chapter 223

(House Bill 774)

AN ACT concerning

Insurance – ~~Surplus Lines~~ – Short-Term Medical Insurance – ~~Procurement From Nonadmitted Insurer~~ Study

FOR the purpose of ~~altering the scope of certain provisions of law governing surplus lines insurance as the provisions relate to short term medical insurance; altering the conditions under which short term medical insurance may be procured from a nonadmitted insurer; providing for the application of this Act requiring the Maryland Insurance Administration to conduct a study to assess the need in the State for short-term medical insurance offered by nonadmitted insurers; establishing certain requirements for the study; requiring the Administration to solicit input from certain persons in conducting the study; requiring the Administration to submit a certain report to the Governor and certain legislative committees on or before a certain date; defining a certain term; and generally relating to surplus lines insurance and the procurement of a study of the need for short-term medical insurance from a~~ offered by nonadmitted insurer insurers.

~~BY repealing and reenacting, without amendments,
Article – Insurance
Section 3-301(a), (c), and (g)
Annotated Code of Maryland
(2011 Replacement Volume and 2016 Supplement)~~

~~BY repealing and reenacting, with amendments,
Article – Insurance
Section 3-302(e) and 3-306.2(e)
Annotated Code of Maryland
(2011 Replacement Volume and 2016 Supplement)~~

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

~~Article – Insurance~~

~~3-301.~~

(a) ~~In this subtitle the following words have the meanings indicated.~~

(e) ~~“Admitted insurer” means an insurer that is authorized to engage in the business of insurance in the State.~~

~~(g) (1) "Nonadmitted insurer" means an insurer that is not authorized to engage in the business of insurance in the State.~~

~~(2) "Nonadmitted insurer" does not include a risk retention group.~~

~~§ 302.~~

~~(e) Subject to § 306.2 of this subtitle, this subtitle applies to:~~

~~(1) disability insurance that:~~

~~(i) provides for lost income, revenue, or proceeds in the event that an illness, accident, or injury results in a disability that impairs an insured's ability to work or otherwise generate income, revenue, or proceeds that the insurance is intended to replace; and~~

~~(ii) does not include payment for medical expenses, dismemberment, or accidental death; and~~

~~(2) short term medical insurance that provides limited health insurance benefits for a limited period of time to:~~

~~(i) residents of the United States who [travel to another country within 30 days after], AS OF the effective date of coverage, ARE NOT ELIGIBLE FOR COVERAGE UNDER THE AFFORDABLE CARE ACT; and~~

~~(ii) residents of another country who:~~

~~1. travel to the United States within 30 days after the effective date of coverage; and~~

~~2. are not traveling to the United States for the purpose of attending an institution of higher education, as defined in § 10-101 of the Education Article.~~

~~§ 306.2.~~

~~(e) Procurement of short term medical insurance under this section from a nonadmitted insurer is subject to:~~

~~(1) a policy term that:~~

~~(i) may not exceed 11 months; and~~

~~(ii) may not be extended or renewed] IS LESS THAN 3 MONTHS AFTER THE ORIGINAL DATE OF THE SHORT TERM MEDICAL INSURANCE POLICY;~~

~~(2) the provision of written notice to the applicant, on a form approved by the Commissioner;~~

~~(i) stating [that coverage may be available under the Affordable Care Act without medical underwriting] “THIS IS NOT QUALIFYING HEALTH COVERAGE (“MINIMUM ESSENTIAL COVERAGE”) THAT SATISFIES THE HEALTH COVERAGE REQUIREMENT OF THE AFFORDABLE CARE ACT. IF YOU DO NOT HAVE MINIMUM ESSENTIAL COVERAGE, YOU MAY OWE AN ADDITIONAL PAYMENT ON YOUR TAXES.”;~~

~~(ii) providing contact information for the Maryland Health Benefit Exchange;~~

~~(iii) stating that the short-term medical insurance may be available from an admitted insurer; AND~~

~~(iv) stating that similar coverage may be available from an admitted insurer offering travel insurance, as defined in § 10-101 of this article; and~~

~~(v) stating that:~~

~~1. the short-term medical insurance does not meet the requirements for minimum essential coverage under the Affordable Care Act; and~~

~~2. a purchaser of the short-term medical insurance may be subject to tax penalties for not having minimum essential coverage;];~~

~~(3) the diligent search requirements of §§ 3-306 and 3-306.1 of this subtitle; and~~

~~(4) all other requirements of this subtitle.~~

~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all policies and contracts of surplus lines insurance for short-term medical insurance issued, delivered, or renewed in the State on or after October 1, 2017.~~

(a) In this section, “short-term medical insurance” means medical insurance with a policy term that does not exceed 11 months.

(b) The Maryland Insurance Administration shall conduct a study to assess the need in the State for short-term medical insurance offered by nonadmitted insurers.

(c) The study required under subsection (b) of this section shall:

(1) seek to identify the circumstances in which individuals in the State are in need of short-term medical insurance;

(2) assess the availability of short-term medical insurance offered by admitted insurers in the State, including whether short-term medical insurance coverage offered by admitted insurers is unavailable to individuals in certain geographic regions of the State;

(3) determine whether short-term medical insurance policies are being offered online and, if so, whether the policies are being procured through licensed Maryland insurance producers;

(4) compare the coverages under and premiums for short-term medical insurance policies offered by admitted insurers and the underwriting practices of those insurers with the coverages under and premiums for short-term medical insurance policies offered by nonadmitted insurers as a surplus line and the underwriting practices of those insurers;

(5) assess the impact on the admitted health insurance market and consumers of authorizing nonadmitted insurers to offer short-term medical insurance as a surplus line to individuals in the State who:

(i) are unable to obtain health coverage under the Affordable Care Act, including individuals who are unable to obtain health coverage due to not enrolling during an open enrollment period; or

(ii) drop coverage obtained under the Affordable Care Act;

(6) review and provide information about consumer complaints and enforcement actions relating to short-term medical insurance policies; and

(7) recommend:

(i) whether limitations in current law on the offering of short-term medical insurance by a nonadmitted insurer as a surplus line should be altered to address any barriers to health coverage access encountered by individuals in the State; and

(ii) the adoption of any disclosures or consumer protections that may be needed:

1. for short-term medical insurance procured from admitted insurers; and

2. for short-term medical insurance procured from nonadmitted insurers as a surplus line if offering the insurance is authorized for circumstances in addition to those permitted under current law.

(d) In conducting the study required under subsection (b) of this section, the Administration shall solicit input from:

(1) admitted insurers, including insurers that offer short-term medical insurance policies and insurers that offer qualified health plans;

(2) nonadmitted insurers that offer short-term medical insurance policies as a surplus line;

(3) insurance producers and surplus lines brokers;

(4) Maryland consumers;

(5) members of the General Assembly; and

(6) other interested stakeholders.

(e) On or before December 31, 2017, the Administration shall submit a report on its findings and recommendations from the study required under subsection (b) of this section to the Governor and, in accordance with § 2-1246 of the State Government Article, the Senate Finance Committee and the House Health and Government Operations Committee.

SECTION ~~2~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~October~~ June 1, 2017.

Approved by the Governor, April 18, 2017.