
By: Delegates Bonsack and Guns

Introduced and read first time: February 1, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Direct Payment to Provider of Service**

3 FOR the purpose of requiring that certain health insurers directly reimburse a health
4 care practitioner for services rendered to insureds; and generally relating to the
5 reimbursement of health care practitioners for services rendered to insureds.

6 BY adding to

7 Article 48A - Insurance Code
8 Section 354A-3
9 Annotated Code of Maryland
10 (1994 Replacement Volume and 1995 Supplement)

11 BY repealing and reenacting, with amendments,

12 Article 48A - Insurance Code
13 Section 448, 473, and 477
14 Annotated Code of Maryland
15 (1994 Replacement Volume and 1995 Supplement)

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

18 **Article 48A - Insurance Code**

19 354A-3.

20 NOTWITHSTANDING ANY OTHER PROVISION OF A GROUP OR INDIVIDUAL
21 HEALTH INSURANCE POLICY OR CONTRACT ISSUED OR ISSUED FOR DELIVERY IN
22 THE STATE BY A NONPROFIT HEALTH SERVICE PLAN, WHENEVER AN INSURED OR
23 ANY OTHER PERSON IS ENTITLED UNDER THE GROUP OR INDIVIDUAL POLICY OR
24 CONTRACT TO REIMBURSEMENT FOR, OR BENEFITS FOR EXPENSES ARISING FROM,
25 A SERVICE THAT IS WITHIN THE SCOPE OF PRACTICE OF A HEALTH CARE PROVIDER
26 LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE, A NONPROFIT HEALTH
27 SERVICE PLAN SHALL PROVIDE THE REIMBURSEMENT DIRECTLY TO THE HEALTH
28 CARE PROVIDER THAT RENDERED THE SERVICE.

29 448.

30 There shall be a provision as follows:

1 "Payment of claims: Indemnity for loss of life will be payable in accordance with the
2 beneficiary designation and the provisions respecting such payment which may be
3 prescribed herein and effective at the time of payment. If no such designation or
4 provision is then effective, such indemnity shall be payable to the estate of the insured.
5 Any other accrued indemnities unpaid at the insured's death may, at the option of the
6 insurer, be paid either to such beneficiary or to such estate. All other indemnities will be
7 payable to the insured."

8 The following provisions, or either of them, may be included with the foregoing
9 provision at the option of the insurer:

10 "If any indemnity of this policy shall be payable to the estate of the insured, or to an
11 insured or beneficiary who is under eighteen years of age or otherwise not competent to
12 give a valid release, the insurer may pay such indemnity, up to an amount not exceeding
13 \$... (insert an amount which shall not exceed \$1,000), to any relative by blood or
14 connection by marriage of the insured or beneficiary who is deemed by the insurer to be
15 equitably entitled thereto. Any payment made by the insurer in good faith pursuant to
16 this provision shall fully discharge the insurer to the extent of such payment."

17 "[Subject to any written direction of the insured in the application or otherwise all
18 or a portion of any] ALL indemnities provided by this policy on account of hospital,
19 nursing, medical or surgical services [may, at the insurer's option and unless the insured
20 requests otherwise in writing not later than the time of filing proof of such loss,] SHALL
21 be paid directly to the hospital or person rendering such services; but it is not required
22 that the service be rendered by a particular hospital or person."

23 473.

24 [Any] A group health policy [may on request by the group policyholder] SHALL
25 provide that all [or any portion of any] indemnities provided by [any such] THE policy
26 on account of hospital, nursing, medical or surgical services [may, at the insurer's
27 option,] SHALL be paid directly to the hospital or person rendering such services; but the
28 policy may not require that the service be rendered by a particular hospital or person.
29 Payment so made shall discharge the insurer's obligation with respect to the amount of
30 insurance so paid.

31 477.

32 All benefits under any blanket health policy shall be payable to the person insured,
33 or to his designated beneficiary or beneficiaries, or to his estate; except, that if the person
34 insured be under eighteen years of age or a mental incompetent, such benefits may be
35 made payable to his parent, guardian, or other person actually supporting him; or if the
36 entire cost of the insurance has been borne by the employer such benefits may be made
37 payable to the employer. Provided, however, that the policy [may] SHALL provide that
38 all [or any portion of any] indemnities provided by such policy on account of hospital,
39 nursing, medical or surgical services [may, at the insurer's option,] SHALL be paid
40 directly to the hospital or person rendering such services; but the policy may not require
41 that the service be rendered by a particular hospital or person. Payment so made shall
42 discharge the insurer's obligation with respect to the amount of insurance so paid.

43 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
44 October 1, 1996.

