

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 314 (Delegate Pendergrass, *et al.*)
Economic Matters

Referred to Finance

Insurance - Unfair Claims Settlement Practices

This amended bill specifies that if a health insurer or nonprofit health service plan refuses to pay a claim without conducting a reasonable investigation based on all available information, the action would constitute an unfair claim settlement practice and a violation of existing law. Under existing law, violators are subject to a maximum fine of \$500 for each violation and are required to make restitution to each claimant up to the actual economic value of the damage sustained.

Fiscal Summary

State Effect: The bill's requirements could be handled with existing budgeted resources. Potential minimal increase in general fund revenues due to the applicable monetary penalty provisions.

Local Effect: None.

Small Business Effect: Minimal effect on small businesses as discussed below.

Fiscal Analysis

Small Business Effect: Small businesses affected by this bill are mostly non-profit dental and vision plans. If any small business health plan is found practicing unfair claim settlements the penalty could potentially be large, depending on the level and type of damage sustained. It is anticipated, however, that the impact on dental and vision plans would be minimal.

Information Source(s): Insurance Administration, Department of Health and Mental Hygiene (Medical Care Policy Administration), Department of Fiscal Services

Fiscal Note History: First Reader - January 31, 1997

mld Revised - House Third Reader - March 19, 1997

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