
By: **Delegate Crumlin**

Introduced and read first time: February 13, 1998

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Fraudulent Insurance Acts - Unbundling and Upcoding**

3 FOR the purpose of providing that it is a fraudulent insurance act for a person
4 knowingly to unbundle or upcode in support of a claim for surgery or medical
5 services in order to receive overpayment; defining certain terms; and generally
6 relating to fraudulent insurance acts.

7 BY repealing and reenacting, with amendments,
8 Article - Insurance
9 Section 27-403
10 Annotated Code of Maryland
11 (1997 Volume)

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

14 **Article - Insurance**

15 27-403.

16 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
17 INDICATED.

18 (2) "CODE" MEANS THE APPLICABLE CURRENT PROCEDURAL
19 TERMINOLOGY (CPT) CODE AS ADOPTED BY THE AMERICAN MEDICAL ASSOCIATION
20 OR ANOTHER APPLICABLE CODE UNDER AN APPROPRIATE UNIFORM CODING
21 SCHEME.

22 (3) "HEALTH CARE PROVIDER" MEANS ANY PERSON THAT PROVIDES
23 HEALTH CARE SERVICES AND IS LICENSED UNDER THE HEALTH OCCUPATIONS
24 ARTICLE.

25 (4) "UNBUNDLE" MEANS THE USE OF TWO OR MORE CODES BY A
26 HEALTH CARE PROVIDER TO DESCRIBE A SURGERY OR MEDICAL SERVICE PROVIDED
27 TO A PATIENT WHEN A SINGLE, MORE COMPREHENSIVE CODE EXISTS THAT
28 ACCURATELY DESCRIBES THE ENTIRE SURGERY OR MEDICAL SERVICE.

1 (5) "UPCODE" MEANS THE USE OF REIMBURSEMENT MAXIMIZATION
2 PROGRAMS.

3 (B) It is a fraudulent insurance act for a person:

4 (1) knowingly to fail to return any moneys or premiums paid for a policy
5 to an insured, designee of the insured, or another person entitled to the moneys or
6 premiums if the insurance contracted for is not ultimately provided;

7 (2) to present or cause to be presented to an insurer documentation or an
8 oral or written statement made in support of a claim, including a claim that alleges
9 the theft of a motor vehicle, with knowledge that the documentation or statement
10 contains false or misleading information about a matter material to the claim;

11 (3) except for the prepayment of periodic payments or excess
12 contributions allowed under the terms of the policy, willfully to collect as a premium
13 a sum in excess of the premium applicable to the insurance under approved
14 classifications and rates or, for cases in which classifications and rates are not subject
15 to approval, the premiums and charges applicable to the insurance as specified in the
16 policy and set by the insurer;

17 (4) to misappropriate or withhold unreasonably funds received or held if
18 the funds represent premiums or return premiums; [and]

19 (5) to misappropriate benefits under a policy; AND

20 (6) KNOWINGLY TO UNBUNDLE OR UPCODE IN SUPPORT OF A CLAIM
21 FOR SURGERY OR MEDICAL SERVICES IN ORDER TO RECEIVE OVERPAYMENT.

22 SECTION 2. AND BE IT FURTHER ENACTED, That to the extent possible, the
23 Health Care Finance Administration's definition for Medicare fraud shall be used as
24 it relates to unbundling and upcoding.

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 1998.