
By: **Delegate Crumlin**
Introduced and read first time: February 13, 1998
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 27, 1998

CHAPTER _____

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; to engage in a~~
6 ~~certain pattern or practice that results in a greater payment to the person than~~
7 ~~a certain code; defining a certain term; and generally relating to fraudulent~~
8 insurance acts.

9 BY repealing and reenacting, with amendments,
10 Article - Insurance
11 Section 27-403
12 Annotated Code of Maryland
13 (1997 Volume)

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

16 **Article - Insurance**

17 27-403.

18 (A) (1) ~~IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS~~
19 ~~INDICATED.~~

20 (2) ~~"CODE" MEANS THE APPLICABLE CURRENT PROCEDURAL~~
21 ~~TERMINOLOGY (CPT) CODE AS ADOPTED BY THE AMERICAN MEDICAL ASSOCIATION~~

1 ~~OR ANOTHER APPLICABLE CODE UNDER AN APPROPRIATE UNIFORM CODING~~
 2 ~~SCHEME.~~

3 (3) ~~"HEALTH CARE PROVIDER" MEANS ANY PERSON THAT PROVIDES~~
 4 ~~HEALTH CARE SERVICES AND IS LICENSED UNDER THE HEALTH OCCUPATIONS~~
 5 ~~ARTICLE.~~

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

10 (5) ~~"UPCODE" MEANS THE USE OF REIMBURSEMENT MAXIMIZATION~~
 11 ~~PROGRAMS.~~

12 (A) IN THIS SECTION, "CODE" MEANS THE APPLICABLE CURRENT
 13 PROCEDURAL TERMINOLOGY (CPT) CODE AS ADOPTED BY THE AMERICAN MEDICAL
 14 ASSOCIATION.

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

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

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

23 (3) except for the prepayment of periodic payments or excess
 24 contributions allowed under the terms of the policy, willfully to collect as a premium
 25 a sum in excess of the premium applicable to the insurance under approved
 26 classifications and rates or, for cases in which classifications and rates are not subject
 27 to approval, the premiums and charges applicable to the insurance as specified in the
 28 policy and set by the insurer;

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

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

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

34 (6) TO ENGAGE IN A PATTERN OR PRACTICE OF PRESENTING OR
 35 CAUSING TO BE PRESENTED A CLAIM FOR AN ITEM OR SERVICE THAT IS BASED ON A
 36 CODE THAT RESULTS IN A GREATER PAYMENT TO THE PERSON THAN THE
 37 APPLICABLE CODE.

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

4 SECTION ~~3.~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take
5 effect October 1, 1998.