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By: **Delegates Taylor and Busch**

Rules suspended

Introduced and read first time: March 17, 2000

Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

2 **Contracts Between Health Maintenance Organizations and Subscribers -**  
3 **Subrogation Provisions**

4 FOR the purpose of authorizing contracts between health maintenance organizations  
5 and subscribers to contain certain provisions allowing the health maintenance  
6 organization to be subrogated to a cause of action that a subscriber has against  
7 another person to a certain extent under certain circumstances; authorizing  
8 contracts between health maintenance organizations and subscribers to contain  
9 certain provisions allowing the health maintenance organization to recover  
10 payments made to the subscriber under a personal injury protection policy to a  
11 certain extent; providing for the applicability of this Act; and generally relating  
12 to contracts between health maintenance organizations and subscribers.

13 BY repealing and reenacting, with amendments,  
14 Article - Health - General  
15 Section 19-713.1  
16 Annotated Code of Maryland  
17 (1996 Replacement Volume and 1999 Supplement)

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

20 **Article - Health - General**

21 19-713.1.

22 (a) A contract between a health maintenance organization and its subscribers  
23 or a group of subscribers may contain nonduplication provisions or provisions to  
24 coordinate the coverage with subscriber contracts of other health maintenance  
25 organizations, health insurance policies, including those of nonprofit health service  
26 plans, and with other established programs under which the subscriber or member  
27 may make a claim.

1 (b) Notwithstanding the provisions of subsection (a) of this section, a contract  
2 between a health maintenance organization and its subscribers or a group of  
3 subscribers may not contain nonduplication provisions or provisions to coordinate  
4 coverage with any individually underwritten and issued, guaranteed renewable,  
5 specified disease policy, as defined in § 15-109 of the Insurance Article, or intensive  
6 care policy, which does not provide benefits on an expense incurred basis.

7 (c) For purposes of this section, "intensive care policy" means a health  
8 insurance policy that provides benefits only when treatment is received in that  
9 specifically designated facility of a hospital that provides the highest level of care and  
10 which is restricted to those patients who are physically, critically ill or injured.

11 (D) A CONTRACT BETWEEN A HEALTH MAINTENANCE ORGANIZATION AND ITS  
12 SUBSCRIBERS OR A GROUP OF SUBSCRIBERS MAY CONTAIN A PROVISION OR  
13 PROVISIONS ALLOWING A HEALTH MAINTENANCE ORGANIZATION TO BE  
14 SUBROGATED TO A CAUSE OF ACTION THAT A SUBSCRIBER HAS AGAINST ANOTHER  
15 PERSON TO THE EXTENT THAT ANY PAYMENTS MADE BY THE HEALTH  
16 MAINTENANCE ORGANIZATION OR THE VALUE OF ANY SERVICES PROVIDED BY THE  
17 HEALTH MAINTENANCE ORGANIZATION RESULT FROM THE OCCURRENCE THAT  
18 GAVE RISE TO THE CAUSE OF ACTION.

19 (E) A CONTRACT BETWEEN A HEALTH MAINTENANCE ORGANIZATION AND ITS  
20 SUBSCRIBERS OR A GROUP OF SUBSCRIBERS MAY CONTAIN A PROVISION OR  
21 PROVISIONS ALLOWING A HEALTH MAINTENANCE ORGANIZATION TO RECOVER ANY  
22 PAYMENTS MADE TO THE SUBSCRIBER UNDER A PERSONAL INJURY PROTECTION  
23 POLICY TO THE EXTENT THAT THE PAYMENTS ARE BASED ON SERVICES PROVIDED  
24 OR PAID FOR BY THE HEALTH MAINTENANCE ORGANIZATION.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to  
26 any case pending or filed on or after the effective date of this Act, but may not be  
27 applied to any case for which a final judgment has been rendered and for which  
28 appeals have been exhausted prior to the effective date of this Act.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
30 subrogation recoveries by health maintenance organizations recovered on or after  
31 March 10, 1997.

32 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
33 June 1, 2000.