

SENATE BILL 903

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J4

2000 Regular Session
0lr3106
CF 0lr3107

By: **Senators Miller and Bromwell**
Constitutional Requirements Complied with for Introduction in the last 35 Days of
Session
Introduced and read first time: March 17, 2000
Rule 32 suspended
Assigned to: Finance

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.