
By: **Delegates Brown and Gordon**

Introduced and read first time: February 9, 2001

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Personal Injury Protection Insurance - Claims by Subscribers of Health**
3 **Maintenance Organizations**

4 FOR the purpose of prohibiting an insurer that provides personal injury protection
5 benefits from denying payment of certain expenses because the injured
6 individual is a subscriber under a contract with a health maintenance
7 organization; clarifying that personal injury protection benefits are payable
8 without regard to the existence of a contract with a health maintenance
9 organization that provides certain benefits to an insured; and generally relating
10 to personal injury protection benefits payable to subscribers of a health
11 maintenance organization.

12 BY repealing and reenacting, with amendments,
13 Article - Insurance
14 Section 19-505(b) and 19-507
15 Annotated Code of Maryland
16 (1997 Volume and 2000 Supplement)

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

19 **Article - Insurance**

20 19-505.

21 (b) (1) In this subsection, "income" means:

22 (i) wages, salaries, tips, commissions, professional fees, and other
23 earnings from work or employment;

24 (ii) earnings from a business or farm owned individually, jointly, or
25 in partnership; and

26 (iii) to the extent earnings are paid or payable in property or
27 services instead of in cash, the reasonable value of the property or services.

1 (2) The minimum medical, hospital, and disability benefits provided by
2 an insurer under this section shall include up to \$2,500 for:

3 (i) payment of all reasonable and necessary expenses that arise
4 from a motor vehicle accident and that are incurred within 3 years after the accident
5 for necessary prosthetic devices and ambulance, dental, funeral, hospital, medical,
6 professional nursing, surgical, and x-ray services;

7 (ii) payment of benefits for 85% of income lost:

8 1. within 3 years after, and resulting from, a motor vehicle
9 accident; and

10 2. by an injured individual who was earning or producing
11 income when the accident occurred; and

12 (iii) payments made in reimbursement of reasonable and necessary
13 expenses incurred within 3 years after a motor vehicle accident for essential services
14 ordinarily performed for the care and maintenance of the family or family household
15 by an individual who was injured in the accident and not earning or producing income
16 when the accident occurred.

17 (3) As a condition of providing loss of income benefits under this
18 subsection, an insurer may require the injured individual to furnish the insurer with
19 reasonable medical proof of the injury causing loss of income.

20 (4) AN INSURER UNDER THIS SECTION MAY NOT DENY PAYMENT OF
21 REASONABLE AND NECESSARY EXPENSES UNDER PARAGRAPH (2)(I) OF THIS
22 SUBSECTION BECAUSE THE INJURED INDIVIDUAL IS A SUBSCRIBER UNDER A
23 CONTRACT WITH A HEALTH MAINTENANCE ORGANIZATION.

24 19-507.

25 (a) The benefits described in § 19-505 of this subtitle shall be payable without
26 regard to:

27 (1) the fault or nonfault of the named insured or the recipient of benefits
28 in causing or contributing to the motor vehicle accident; and

29 (2) any collateral source of medical, hospital, or wage continuation
30 benefits, INCLUDING A CONTRACT WITH A HEALTH MAINTENANCE ORGANIZATION
31 THAT PROVIDES MEDICAL AND HOSPITAL BENEFITS TO AN INSURED.

32 (b) (1) Subject to paragraph (2) of this subsection, if the insured has both
33 coverage for the benefits described in § 19-505 of this subtitle and a collateral source
34 of medical, hospital, or wage continuation benefits, the insurer or insurers may
35 coordinate the policies to provide for nonduplication of benefits, subject to appropriate
36 reductions in premiums for one or both of the policies approved by the Commissioner.

37 (2) The named insured may:

1 (i) elect to coordinate the policies by indicating in writing which
2 policy is to be the primary policy; or

3 (ii) reject the coordination of policies and nonduplication of
4 benefits.

5 (c) An insurer that issues a policy that contains the coverage described in §
6 19-505 of this subtitle may not impose a surcharge for a claim or payment made
7 under that coverage and, at the time the policy is issued, shall notify the policyholder
8 in writing that a surcharge may not be imposed for a claim or payment made under
9 that coverage.

10 (d) An insurer that provides the benefits described in § 19-505 of this subtitle
11 does not have a right of subrogation and does not have a claim against any other
12 person or insurer to recover any benefits paid because of the alleged fault of the other
13 person in causing or contributing to a motor vehicle accident.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 October 1, 2001.