

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 936 (Delegates Brown and Gordon)
Economic Matters

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

This bill prohibits an insurer that provides personal injury protection (PIP) insurance from denying payment of reasonable and necessary medical expenses that arise from a motor vehicle accident because the injured individual is covered under a health maintenance organization (HMO) contract. The bill clarifies that PIP benefits are payable without regard to an HMO contract that provides for medical and hospital benefits to an insured.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues from the insurance premium tax. Potential minimal increase in special fund revenues from the \$125 rate and form filing fees charged by the Maryland Insurance Administration (MIA). Expenditures would not be affected.

Local Effect: Potential minimal increase in expenditures for PIP coverage.

Small Business Effect: Potential minimal.

Analysis

Current Law: Unless waived, under PIP coverage, insurers are required to pay medical, hospital, and disability benefits for the individuals injured in a motor vehicle accident. PIP insurers do not have a right of subrogation. HMOs are prohibited from receiving subrogation for any payments made to a subscriber under a PIP policy.

State Revenues: As a result of the bill, it is possible that an individual with HMO health insurance coverage could be compensated twice for injuries received in a motor vehicle accident, once by the HMO and once by the PIP insurer. To the extent PIP insurers must pay for coverage that they would have denied, PIP insurance premiums could increase. General fund revenues could then increase due to increased premium tax revenues. Any such increase is expected to be minimal.

Each rate or form a PIP insurer files with MIA due to a rate increase would be subject to the \$125 rate and form filing fee charged by MIA.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Automobile Insurance Fund, Maryland Insurance Administration, Department of Legislative Services

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