

BY: Finance Committee

AMENDMENTS TO SENATE BILL NO. 639

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “Workers” in line 3 down through “Administration” in line 11 and substitute “Maryland Insurance Commissioner to include certain information in a certain annual report; requiring the Insurance Fraud Division to notify the Workers’ Compensation Commission of certain suspected cases of insurance fraud; requiring the Commission to refer certain persons to the Insurance Fraud Division under certain circumstances; requiring the Commission, in consultation with the Insurance Fraud Division and in collaboration with certain persons and organizations, to conduct a certain study; specifying what the Commission shall consider as part of the study; requiring the Commission to report its findings and recommendations by a certain date”; in line 15, strike “2-401” and substitute “2-110(a), 2-401, and 2-405”; in line 18, strike “with” and substitute “without”; after line 22 insert:

“BY adding to

Article - Labor and Employment

Section 9-310.2

Annotated Code of Maryland

(1999 Replacement Volume and 2003 Supplement)”.

AMENDMENT NO. 2

On page 1, after line 25, insert:

“2-110.

(a) No later than December 31 of each year, the Commissioner shall prepare an annual report about the previous fiscal year that includes:

(1) a list of the authorized insurers transacting insurance business in the State,

(Over)

with any summary of their financial statements that the Commissioner considers appropriate;

(2) the name of each insurer whose business was closed during the year, the cause of the closure, and the amount of assets and liabilities of the insurer that is ascertainable;

(3) the name of each insurer against whom delinquency or similar proceedings were initiated, a concise statement of facts about each delinquency or similar proceeding, and the status of each proceeding;

(4) a list of the rulings and decisions made in cases before the Administration during the year;

(5) a statement of all fees, taxes, and administrative fines and penalties received by the Commissioner and deposited into the General Fund of the State;

(6) the ratio of complaints filed during the calendar year against each insurer for each major line of insurance written by the insurer and a summary of the resolution of the complaints;

(7) recommendations of the Commissioner about changes in the laws affecting insurance and about matters affecting the Administration;

(8) information about the operation of the Fraud Division, including:

(i) the number of complaints received that relate to insurance fraud, the nature of the complaints, and the resolution of the complaints;

(ii) the number of complaints and cases referred to a State's Attorney and the resolution of the complaints or cases;

(iii) the number of complaints and cases referred to the Office of the Attorney General and the resolution of the complaints or cases;

(iv) the number of calls made to the insurance fraud hot line;

(v) the number of complaints received from persons regulated by the Commissioner;

(VI) THE NUMBER OF CASES RECEIVED FROM THE WORKERS' COMPENSATION COMMISSION UNDER § 9-310.2 OF THE LABOR AND EMPLOYMENT

ARTICLE AND THE RESOLUTION OF THE CASES;

[(vi)] (VII) the total number of cases, by type of insurance fraud; and

[(vii)] (VIII) the number and percentage of cases that result in the imposition of civil or criminal penalties;

(9) a list of all staff positions, classifications, and salaries in the Administration as of the end of the preceding calendar year; and

(10) any other relevant information that the Commissioner considers proper.”.

AMENDMENT NO. 3

On page 2, strike beginning with “KNOWINGLY” in line 10 down through “(4)” in line 12; in line 14, strike “(5)” and substitute “(4)”; after line 27, insert:

“2-405.

The Fraud Division:

(1) has the authority to investigate each person suspected of engaging in insurance fraud;

(2) if appropriate after an investigation:

(i) shall refer suspected cases of insurance fraud to the Office of the Attorney General or appropriate local State’s Attorney to prosecute the person criminally for insurance fraud;

(ii) shall notify the appropriate professional licensing board or disciplinary body of evidence of insurance fraud that involves professionals; [and]

(iii) shall notify the appropriate professional licensing board of evidence of gross overutilization of health care services; AND

(Over)

(IV) SHALL NOTIFY THE WORKERS' COMPENSATION COMMISSION OF SUSPECTED CASES OF INSURANCE FRAUD REFERRED TO THE OFFICE OF THE ATTORNEY GENERAL OR APPROPRIATE LOCAL STATE'S ATTORNEY UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH THAT INVOLVE THE PAYMENT OF COMPENSATION, FEES, OR EXPENSES UNDER THE WORKERS' COMPENSATION LAW;

(3) shall compile and abstract information that includes the number of confirmed acts of insurance fraud and the type of acts of insurance fraud;

(4) in exercising its authority under this subtitle, shall cooperate with the Department of State Police, Office of the Attorney General, local State's Attorney in the jurisdiction in which the alleged acts of insurance fraud took place, and appropriate federal and local law enforcement authorities;

(5) shall operate or provide for a toll-free insurance fraud hot line to receive and record information about alleged acts of insurance fraud; and

(6) in cooperation with the Office of the Attorney General and Department of State Police, shall conduct public outreach and awareness programs on the costs of insurance fraud to the public.”.

AMENDMENT NO. 4

On page 3, strike beginning with “(C)” in line 9 down through “FRAUD.” in line 16 and substitute:

“9-310.2

(A) IN ANY ADMINISTRATIVE ACTION BEFORE THE COMMISSION, IF IT IS ESTABLISHED BY A PREPONDERANCE OF THE EVIDENCE THAT A PERSON KNOWINGLY AFFECTED OR KNOWINGLY ATTEMPTED TO AFFECT THE PAYMENT OF COMPENSATION, FEES, OR EXPENSES UNDER THIS TITLE BY MEANS OF A FRAUDULENT REPRESENTATION, THE COMMISSION SHALL REFER THE CASE ON THE PERSON TO THE INSURANCE FRAUD DIVISION IN THE MARYLAND INSURANCE ADMINISTRATION.

(B) IN ITS ANNUAL REPORT UNDER § 9-312 OF THIS SUBTITLE, THE COMMISSION SHALL REPORT THE NUMBER OF CASES REFERRED TO THE INSURANCE FRAUD DIVISION IN THE MARYLAND INSURANCE ADMINISTRATION UNDER THIS SECTION.”.

AMENDMENT NO. 5

On page 3, strike in their entirety lines 24 through 29 inclusive and substitute:

“SECTION 2. AND BE IT FURTHER ENACTED, That the Workers’ Compensation Commission shall, in consultation with the Insurance Fraud Division in the Maryland Insurance Administration and in collaboration with the persons and organizations listed below, study how to prevent, identify, and deter workers’ compensation fraud. As part of the study, the commission shall consider:

- (1) workers’ compensation fraud committed by employers, employees, health care providers, and any other person or entity;
- (2) the cost associated with each type of identified fraud; and
- (3) methods of preventing, identifying, and deterring fraud.

In conducting the study, the Commission shall collaborate with representatives of:

- (1) self-insured employers;
- (2) government group self-insurers;
- (3) property and casualty insurers;
- (4) labor; and
- (5) any other persons or organizations, as determined by the Commission.

(Over)

On or before December 31, 2004, the Commission shall report its findings and recommendations for preventing, identifying, and deterring workers' compensation fraud to the Governor and, subject to § 2-1246 of the State Government Article, the General Assembly.”;

in line 30, strike “2.” and substitute “3.”; in line 31, strike “October” and substitute “July”.