

HOUSE BILL 142

C3

(9lr0052)

ENROLLED BILL

—Health and Government Operations/Finance—

Introduced by **Chair, Health and Government Operations Committee (By Request – Departmental – Insurance Administration, Maryland)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Insurance – Antifraud Plans**

3 FOR the purpose of making certain provisions of law relating to antifraud plans
4 applicable to ~~health maintenance organizations and~~ third party administrators;
5 authorizing certain insurers, as part of an antifraud plan, to require an ~~insured~~
6 individual who is receiving benefits under certain policies to make certain
7 affirmations; requiring certain insurers to make certain disclosures to ~~insureds~~
8 certain individuals under certain circumstances; and generally relating to
9 antifraud plans.

10 ~~BY adding to~~
11 ~~Article – Health – General~~
12 ~~Section 19-706(ttt)~~
13 ~~Annotated Code of Maryland~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber / conference committee amendments.



1 ~~(2005 Replacement Volume and 2008 Supplement)~~

2 BY adding to
3 Article – Insurance
4 Section 8–321.1
5 Annotated Code of Maryland
6 (2003 Replacement Volume and 2008 Supplement)

7 BY repealing and reenacting, with amendments,
8 Article – Insurance
9 Section 27–803
10 Annotated Code of Maryland
11 (2006 Replacement Volume and 2008 Supplement)

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

14 ~~Article – Health – General~~

15 ~~19–706.~~

16 ~~(TTT) THE PROVISIONS OF § 27–803 OF THE INSURANCE ARTICLE APPLY~~
17 ~~TO HEALTH MAINTENANCE ORGANIZATIONS.~~

18 **Article – Insurance**

19 **8–321.1.**

20 **A THIRD PARTY ADMINISTRATOR SHALL COMPLY WITH § 27–803 OF THIS**
21 **ARTICLE.**

22 27–803.

23 (a) (1) Each authorized insurer shall institute and maintain an insurance
24 antifraud plan.

25 (2) Within 30 days after instituting or modifying an antifraud plan,
26 the authorized insurer shall notify the Commissioner in writing.

27 (b) Each antifraud plan shall establish specific procedures to:

28 (1) prevent insurance fraud, including:

29 (i) internal fraud that involves the authorized insurer's
30 employees or insurance producers;

1 (ii) fraud that results from misrepresentations on insurance
2 applications; and

3 (iii) claims fraud;

4 (2) report insurance fraud to appropriate law enforcement authorities;

5 (3) cooperate with the prosecution of insurance fraud cases; and

6 (4) report fraud-related data to the Commissioner and Fraud
7 Division.

8 (c) (1) Each authorized insurer shall file its antifraud plan with the
9 Commissioner.

10 (2) The Commissioner may review each antifraud plan to determine
11 whether it complies with the requirements of this section.

12 (3) An antifraud plan is deemed approved unless disapproved by the
13 Commissioner within 30 days after the date of filing.

14 (d) (1) If the Commissioner finds that an antifraud plan does not comply
15 with the requirements of this section, the Commissioner shall disapprove the
16 antifraud plan and send a notice of disapproval, including the reasons for disapproval,
17 to the authorized insurer.

18 (2) If the Commissioner disapproves an antifraud plan, the authorized
19 insurer shall submit a new antifraud plan to the Commissioner within 60 days after
20 the date of disapproval.

21 (e) During an examination under § 2-205 of this article, the Commissioner
22 shall examine the authorized insurer's procedures to determine whether the
23 authorized insurer is complying with its antifraud plan.

24 (f) The Commissioner may withhold from public inspection any part of an
25 antifraud plan for as long as the Commissioner considers the withholding to be in the
26 public interest.

27 (g) (1) **AS PART OF AN ANTIFRAUD PLAN, AN AUTHORIZED INSURER**
28 **MAY REQUIRE IN WRITING THAT AN ~~INSURED~~ INDIVIDUAL WHO IS RECEIVING**
29 **~~BENEFITS UNDER A WORKERS' COMPENSATION INSURANCE POLICY OR A~~**
30 **~~DISABILITY INSURANCE POLICY~~ TO MUST AFFIRM ON A PERIODIC BASIS THAT**
31 **THE ~~INSURED~~ INDIVIDUAL:**

32 (I) **REMAINS ENTITLED TO THE BENEFITS; AND**

1 (II) HAS HAD NO CHANGE IN THE CONDITION ENTITLING
2 THE ~~INSURED~~ INDIVIDUAL TO THE BENEFITS.

3 (2) AN AUTHORIZED INSURER THAT REQUIRES THE AFFIRMATION
4 PERMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL DISCLOSE TO
5 THE ~~INSURED~~ INDIVIDUAL WHO IS RECEIVING BENEFITS THAT ~~ANY PERSON~~
6 ~~THAT IF THE INDIVIDUAL KNOWINGLY AND WILLFULLY PROVIDES FALSE~~
7 ~~INFORMATION OR KNOWINGLY AND WILLFULLY FAILS TO PROVIDE MATERIAL~~
8 ~~INFORMATION IN CONNECTION WITH THE ~~INSURED'S~~ INDIVIDUAL'S ELIGIBILITY~~
9 ~~OR CONTINUED ELIGIBILITY FOR BENEFITS UNDER A WORKERS' COMPENSATION~~
10 ~~INSURANCE POLICY OR A DISABILITY INSURANCE POLICY, THE INDIVIDUAL IS~~
11 ~~GUILTY OF A CRIME AND MAY BE SUBJECT TO A FINE AND IMPRISONMENT.~~

12 [(g)] (H) The Commissioner shall adopt regulations that establish minimum
13 standards for antifraud plans required to be filed under this section.

14 [(h)] (I) It is a violation of this subtitle if the Commissioner finds that an
15 authorized insurer has failed to:

- 16 (1) file an antifraud plan;
- 17 (2) file a revised antifraud plan after disapproval by the Commissioner
18 of the initial antifraud plan; or
- 19 (3) comply with the antifraud plan filed by the authorized insurer.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2009.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.