

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 3073  
**Version:** Second engrossment

**DATE:** March 27, 2014

**Authors:** Atkins

**Subject:** Regulation of insurance fraud by the Minnesota Department of Commerce

**Analyst:** Tom Pender

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd/](http://www.house.mn/hrd/).

### Section

- 1 Regulation of trade practices; insurance contract data.** Provides that certain insurance contract data held by the commissioner of commerce is classified under section 72A.20, subdivision 15.
- 2 Administrative penalty for insurance fraud.** (a) Authorizes the commissioner of commerce, if the commissioner believes a criminal violation of section 609.611 has occurred, to impose an administrative penalty of up to \$25,000 for each act of insurance fraud and order restitution to an insurer or self-insured employer for any insurance payments made relating to a fraudulent insurance claim.  
  
(b) Lists factors the commissioner may consider in determining the amount of administrative penalty.
- 3 Deauthorization of providers from receiving certain payments under chapter 65B.**
  - Subd. 1. Definitions.** Defines four terms used in this section.
  - Subd. 2. Deauthorization of providers.** Permits the commissioner of commerce to issue an order removing authorization of a provider of medical services to demand or request payment for medical services, if the commissioner has determined that the medical provider has committed one or more of the five offenses listed in this subdivision.
  - Subd. 3. Investigation.** (a) Permits the commissioner of commerce to investigate any reports made under section 2 regarding medical providers engaging in unlawful activities referenced in subdivision 2. Requires notification of the appropriate licensing authority if the commissioner believes any medical provider has engaged in any unlawful activity listed in subdivision 2. Requires the licensing authority to notify the

## Section

commissioner of whether the commissioner has a reasonable basis to proceed to determine whether any listed provider should be denied the right to demand or collect payment for medical services.

(b) Also permits an appropriate licensing authority to investigate any information in its possession regarding possible unlawful activity of a medical provider.

(c) Requires hearings under this section to comply with chapter 14 and other applicable law.

- 4 **Prohibited exclusion; certain property and casualty policies.** Prohibits auto insurance, personal excess liability, or personal umbrella policies from denying liability for damages for bodily injury solely because the injured person lives with and is related to the insured by blood or marriage.
- 5 **Immunity from liability.** Grants insurance support organizations immunity from any civil or criminal liability for releasing relevant information in good faith.
- 6 **Medical expense benefits.** Adds considerable detail to an existing law relating to insurance reimbursement of expenses for prescription drugs, including drugs dispensed outside of a licensed pharmacy, repackaged, or compound drugs.
- 7 **Billing.** Requires medical providers to notify the insurer of the data that the medical services started. Requires medical providers to submit bills to the relevant insurer within 30 days after determining the relevant insurer, or within 90 days from date of service. Provides that medical expenses are not payable if the bill is not sent to the insurer as required under this section.
- 8 **Disability and income loss benefits.** Increases the maximum disability and income loss benefits from \$250 to \$500 per week. Labels the paragraphs with letters.
- 9 **Funeral and burial expenses.** Increases benefit from \$2,000 to \$5,000.
- 10 **Survivors' economic loss benefits.** Increases the weekly benefit payable to survivors of a family member who died due to an insured accident from \$200 to \$500. Adds coverage for an actual dependent who lives with the decedent when the decedent dies.
- 11 **Awards.** Requires that court rules require that a party who claims economic loss benefits must appear at the arbitration proceeding to be awarded any benefits.
- 12 **Interest on overdue payments.** Makes interest due on overdue benefits within the scope of the denial regardless of whether the insured or provider continues to provide proof of each additional loss.
- 13 **Whistleblowers.** This section deals with collusion that exists between injured patients and individuals who receive insurance payments for allegedly providing medical care to an injured person. Insurance companies often hire investigators to examine the collusion that can result.

**Section**

- 14**      **Prevention of fraud.** Protects insurers from liability for disclosing criminal or fraudulent activities by an insurer or insurance agent.
- 15**      **Claim for taxable costs.** Permits a party to a lawsuit, after the case has been decided, to ask the court to require payment of certain litigation costs to the requesting party.
- 16**      **Task force on motor vehicle insurance coverage verification.** Establishes the task force and specifies its members, duties, and obligation to report its recommendations.
- 17**      **Repealer.** Repeals section 72A.327, which permits a person whose claim for medical benefits under auto insurance has been denied, to appeal the denial to the commissioner of commerce.