

MedChi

The Maryland State Medical Society

1211 Cathedral Street
Baltimore, MD 21201-5516
410.539.0872
Fax: 410.547.0915

1.800.492.1056

www.medchi.org

TO: The Honorable Dereck E. Davis, Chairman
Members, House Economic Matters Committee
The Honorable John Donoghue

FROM: Joseph A. Schwartz, III
Pamela Metz Kasemeyer
J. Steven Wise

DATE: February 28, 2013

RE: **SUPPORT** – House Bill 1117 – *Motor Vehicle Liability Insurance – Mandatory Coverage – Medical and Hospital Benefits*

The Maryland State Medical Society (MedChi), which represents over 7,500 Maryland physicians and their patients, supports House Bill 1117.

House Bill 1117 adds an additional coverage to Maryland automobile insurance policies. The coverage being added is one regularly sold by insurance companies that is known as “Med Pay” coverage. Med Pay is a coverage that would pay for hospital and medical injuries to any individual who is occupying a motor vehicle when there is an accident. House Bill 1117 creates a minimum Med Pay coverage of \$1,000 which would apply to any individual occupying the vehicle when an accident occurred.

To some degree, Med Pay coverage is similar to Maryland’s unique Personal Injury Protection (PIP) coverage. PIP covers not only hospital and medical bills but lost wages as well in the amount of \$2,500. However, the PIP amount (\$2,500) was set in 1973 and has not been raised in the succeeding 40 years. If PIP had been “indexed” to inflation in that period of time, it would now be over \$13,500.

Recently, this Committee and the General Assembly increased the liability coverages on a Maryland insurance policy up from \$20,000 per person/\$40,000 per accident to \$30,000 per person and \$60,000 per accident. That change was in response to minimum limits which had not been indexed for inflation purposes. In the 40 years since PIP was created, hospital and

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medical costs have escalated considerably. Finally, since PIP coverage also relates to lost wages, PIP benefits can often be exhausted, leaving an injured individual (particularly one without health insurance) with significant bills due to a hospital or treating physician. The passage of House Bill 1117 will provide a financial cushion to such a person and allow those who deliver medical treatment to injured individuals to be fairly paid.

MedChi would as a favorable report on House Bill 1117.

For more information call:
Joseph A. Schwartz, III
Pamela Metz Kasemeyer
J. Steven Wise
410-244-7000