
By: Delegates Hammen, McHale, and Guns ~~Guns, Fulton, Redmer, Oaks, Elliott, D. Davis, Ciliberti, Stull, and Frush~~

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Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 13, 1996

CHAPTER _____

1 AN ACT concerning

2 **Credentialing Information and Procedures for Physicians and External Review of Quality**
3 **for Health Maintenance Organizations**

4 FOR the purpose of authorizing the Secretary of Health and Mental Hygiene to waive the
5 requirement for an external review of the quality of the health services of a health
6 maintenance organization by the Department of Health and Mental Hygiene if the
7 health maintenance organization has received a certain accreditation from a certain
8 ~~external review~~ organization under certain circumstances; specifying the
9 confidentiality of certain documents and information; authorizing the Secretary to
10 conduct certain inspections; altering a provision of law to establish that the
11 Secretary is the final authority for deciding the type of external review to be
12 employed by a health maintenance organization; altering a certain provision of law
13 related to medical review committees to add certain credentialing organizations;
14 requiring the Secretary to adopt certain regulations related to a credentialing
15 information system; specifying the content of the regulations; defining certain
16 terms; and generally relating to authorizing the Secretary to waive the requirement
17 of an external review of the quality of health services of a health maintenance
18 organization and requiring the Secretary to ~~establish~~ adopt certain regulations for a
19 certain credentialing information system under certain circumstances.

20 BY repealing and reenacting, with amendments,
21 Article - Health - General
22 Section 19-705.1(f)
23 Annotated Code of Maryland
24 (1990 Replacement Volume and 1995 Supplement)

25 BY repealing and reenacting, with amendments,

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1 Article - Health Occupations
2 Section 14-501
3 Annotated Code of Maryland
4 (1994 Replacement Volume and 1995 Supplement)

5 BY adding to

6 Article - Health Occupations
7 Section 14-501.1
8 Annotated Code of Maryland
9 (1994 Replacement Volume and 1995 Supplement)

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

12 **Article - Health - General**

13 19-705.1.

14 (f) (1) [The] EXCEPT AS PROVIDED IN PARAGRAPH (5) OF THIS
15 SUBSECTION, THE Department shall conduct an external review of the quality of the
16 health services of the health maintenance organization in a manner thatthe Department
17 considers to be appropriate.

18 (2) The external review shall be conducted by:

19 (i) A panel of physicians and other health professionals that consists
20 of persons who:

- 21 1. Have been approved by the Department;
- 22 2. Have substantial experience in the delivery of health care in
23 a health maintenance organization setting, but who are not members of the health
24 maintenance organization staff or performing professional services for the health
25 maintenance organization; and

26 3. Reside outside the area serviced by the health maintenance
27 organization;

28 (ii) The Department; or

29 (iii) A federally-approved professional standards review organization.

30 (3) The final decision on the type of external review that is to be employed
31 rests solely with the [Department] SECRETARY.

32 (4) The external review shall consist of a review and evaluation of:

33 (i) An internal peer review system and reports;

34 (ii) The program plan of the health maintenance organization to
35 determine if it is adequate and being followed;

3

1 (iii) The professional standards and practices of the health
2 maintenance organization in every area of services provided;

3 (iv) The grievances relating specifically to the delivery of medical care,
4 including their final disposition;

5 (v) The physical facilities and equipment; and

6 (vi) A statistically representative sample of member records.

7 ~~(5) (I) THE SECRETARY MAY WAIVE THE APPLICATION OF THIS~~
8 ~~SUBSECTION TO A HEALTH MAINTENANCE ORGANIZATION THAT HAS BEEN~~
9 ~~ACCREDITED BY A NATIONALLY RECOGNIZED ACCREDITING ENTITY, IF THE~~
10 ~~SECRETARY DETERMINES THAT THE STANDARDS OF THE EXTERNAL REVIEW~~
11 ~~ORGANIZATION ARE SUBSTANTIALLY EQUIVALENT TO THE STATE'S~~
12 ~~REQUIREMENTS FOR HEALTH MAINTENANCE ORGANIZATIONS UNDER THIS~~
13 ~~SUBTITLE.~~

14 ~~(II) THE HEALTH MAINTENANCE ORGANIZATION SHALL:~~

15 ~~1. SUBMIT COPIES OF ITS APPLICATION FOR~~
16 ~~ACCREDITATION, ITS INITIAL ACCREDITATION CERTIFICATION, AND SUBSEQUENT~~
17 ~~APPLICATIONS AND RECERTIFICATIONS; AND~~

18 ~~2. MAKE AVAILABLE FOR INSPECTION BY THE SECRETARY~~
19 ~~A FINAL REPORT ISSUED BY THE NATIONALLY RECOGNIZED ACCREDITING ENTITY~~
20 ~~THAT THE SECRETARY HAS DETERMINED MEETS THE STATE'S STANDARDS FOR~~
21 ~~HEALTH MAINTENANCE ORGANIZATIONS UNDER THIS SUBTITLE.~~

22 ~~(III) IN ADDITION TO INFORMATION REQUIRED UNDER~~
23 ~~SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE HEALTH MAINTENANCE~~
24 ~~ORGANIZATION SHALL SUBMIT TO THE DEPARTMENT AND MAKE AVAILABLE TO~~
25 ~~THE PUBLIC A COPY OF ANY SUMMARY REPORTS MADE BY THE NATIONALLY~~
26 ~~RECOGNIZED ACCREDITING ENTITY THAT HAS BEEN DETERMINED BY THE~~
27 ~~SECRETARY TO MEET THE STATE'S STANDARDS FOR HEALTH MAINTENANCE~~
28 ~~ORGANIZATIONS UNDER THIS SUBTITLE.~~

29 ~~(IV) EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS~~
30 ~~PARAGRAPH, ALL INFORMATION AND DOCUMENTS AND COPIES OBTAINED BY OR~~
31 ~~DISCLOSED TO THE SECRETARY, OR ANY OTHER PERSON, IN THE COURSE OF AN~~
32 ~~EXAMINATION OR INVESTIGATION MADE FOR PURPOSES OF SUBPARAGRAPH (I) OF~~
33 ~~THIS PARAGRAPH ARE CONFIDENTIAL AND ARE NOT SUBJECT TO SUBPOENA AND~~
34 ~~MAY NOT BE MADE PUBLICLY AVAILABLE BY THE SECRETARY OR ANY OTHER~~
35 ~~PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE HEALTH MAINTENANCE~~
36 ~~ORGANIZATION, UNLESS THE SECRETARY, AFTER GIVING NOTICE AND AN~~
37 ~~OPPORTUNITY FOR A HEARING TO THE HEALTH MAINTENANCE ORGANIZATION,~~
38 ~~DETERMINES THAT THE INTERESTS OF THE PUBLIC WOULD BE SERVED BY THE~~
39 ~~DISCLOSURE OF THE INFORMATION OR DOCUMENTS IN THE MANNER THAT THE~~
40 ~~SECRETARY DETERMINES IS APPROPRIATE.~~

41 ~~(V) THE SECRETARY MAY INSPECT ANY FACILITY OF A HEALTH~~
42 ~~MAINTENANCE ORGANIZATION FOR THE PURPOSE OF INVESTIGATING A~~

4

1 ~~COMPLAINT OR TO FOLLOW UP ON A PROBLEM IDENTIFIED IN AN ACCREDITATION~~
2 ~~REPORT.~~

3 (5) (I) THE SECRETARY MAY ACCEPT ALL OR PART OF A REPORT OF
4 AN APPROVED ACCREDITING ORGANIZATION AS MEETING THE EXTERNAL REVIEW
5 REQUIREMENTS UNDER THIS SUBTITLE.

6 (II) EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS
7 PARAGRAPH, A REPORT OF AN APPROVED ACCREDITING ORGANIZATION USED BY
8 THE DEPARTMENT AS MEETING THE EXTERNAL REVIEW REQUIREMENTS UNDER
9 THIS SUBTITLE SHALL BE MADE AVAILABLE TO THE PUBLIC ON REQUEST.

10 (III) THE DEPARTMENT MAY NOT DISCLOSE AND SHALL TREAT AS
11 CONFIDENTIAL ALL CONFIDENTIAL COMMERCIAL AND FINANCIAL INFORMATION
12 CONTAINED IN A REPORT OF AN APPROVED ACCREDITING ORGANIZATION IN
13 ACCORDANCE WITH § 10-617(D) OF THE STATE GOVERNMENT ARTICLE.

14 (IV) THE DEPARTMENT MAY INSPECT A FACILITY OF A HEALTH
15 MAINTENANCE ORGANIZATION TO:

16 1. DETERMINE COMPLIANCE WITH ANY QUALITY
17 REQUIREMENT ESTABLISHED UNDER THIS SUBTITLE;

18 2. FOLLOW UP ON A SERIOUS PROBLEM IDENTIFIED BY AN
19 APPROVED ACCREDITING ORGANIZATION; OR

20 3. INVESTIGATE A COMPLAINT.

21 **Article - Health Occupations**

22 14-501.

23 (a) (1) In this section the following words have the meanings indicated.

24 (2) (i) "Alternative health care system" means a system of health care
25 delivery other than a hospital or related institution.

26 (ii) "Alternative health care system" includes:

27 1. A health maintenance organization;

28 2. A preferred provider organization;

29 3. An independent practice association; or

30 4. A community health center that is a nonprofit, freestanding
31 ambulatory health care provider governed by a voluntary board of directors and that
32 provides primary health care services to the medically indigent.

33 (3) "Medical review committee" means a committee or board that:

34 (i) Is within one of the categories described in subsection (b) of this
35 section; and

5

1 (ii) Performs any of the functions listed in subsection (c) of this
2 section.

3 (4) (i) "Provider of health care" means any person who is licensed by law
4 to provide health care to individuals.

5 (ii) "Provider of health care" does not include any nursing institution
6 that is conducted by and for those who rely on treatment by spiritual means through
7 prayer alone in accordance with the tenets and practices of a recognized church or
8 religious denomination.

9 (5) "The Maryland Institute for Emergency Medical Services Systems"
10 means the State agency described in § 13-1D-03 of the Education Article.

11 (b) For purposes of this section, a medical review committee is:

12 (1) A regulatory board or agency established by State or federal law to
13 license, certify, or discipline any provider of health care;

14 (2) A committee of the Faculty or any of its component societies or a
15 committee of any other professional society or association composed of providers of
16 health care;

17 (3) A committee appointed by or established in a local health department
18 for review purposes;

19 (4) A committee appointed by or established in the Maryland Institute for
20 Emergency Medical Services Systems;

21 (5) A committee of the medical staff or other committee, including any risk
22 management, credentialing, or utilization review committee established in accordance
23 with § 19-319 of the Health - General Article, of a hospital, related institution, or
24 alternative health care system, if the governing board of the hospital, related institution,
25 or alternative health care system forms and approves the committee or approves the
26 written bylaws under which the committee operates;

27 (6) Any person, including a professional standard review organization, who
28 contracts with an agency of this State or of the federal government to perform any of the
29 functions listed in subsection (c) of this section;

30 (7) Any person who contracts with a provider of health care to perform any
31 of those functions listed in subsection (c) of this section that are limited to the review of
32 services provided by the provider of health care;

33 (8) An organization, established by the Maryland Hospital Association, Inc.
34 and the Faculty, that contracts with a hospital, related institution, or alternative delivery
35 system to:

36 (i) Assist in performing the functions listed in subsection (c) of this
37 section; or

38 (ii) Assist a hospital in meeting the requirements of § 19-319(e) of the
39 Health - General Article; [or]

6

1 (9) A committee appointed by or established in an accredited health
2 occupations school; OR

3 (10) AN ORGANIZATION DESCRIBED UNDER § 14-501.1 OF THIS SUBTITLE
4 THAT CONTRACTS WITH A HOSPITAL, RELATED INSTITUTION, OR HEALTH
5 MAINTENANCE ORGANIZATION TO:

6 (I) ASSIST IN PERFORMING THE FUNCTIONS LISTED IN
7 SUBSECTION (C) OF THIS SECTION; OR

8 (II) ASSIST A HEALTH MAINTENANCE ORGANIZATION IN MEETING
9 THE REQUIREMENTS OF TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE,
10 THE NATIONAL COMMITTEE FOR QUALITY ASSURANCE (NCQA), OR ANY OTHER
11 APPLICABLE CREDENTIALING LAW OR REGULATION.

12 (c) For purposes of this section, a medical review committee:

13 (1) Evaluates and seeks to improve the quality of health care provided by
14 providers of health care;

15 (2) Evaluates the need for and the level of performance of health care
16 provided by providers of health care;

17 (3) Evaluates the qualifications, competence, and performance of providers
18 of health care; or

19 (4) Evaluates and acts on matters that relate to the discipline of any
20 provider of health care.

21 (d) (1) Except as otherwise provided in this section, the proceedings, records,
22 and files of a medical review committee are not discoverable and are not admissible in
23 evidence in any civil action arising out of matters that are being reviewed and evaluated
24 by the medical review committee.

25 (2) The proceedings, records, and files of a medical review committee
26 [requested by the Department of Health and Mental Hygiene to ensure compliance with
27 the provisions of § 19-319 of the Health - General Article] are confidential and are not
28 discoverable and are not admissible in evidence in any civil action arising out of matters
29 that are being reviewed and evaluated by the medical review committee IF REQUESTED
30 BY THE FOLLOWING:

31 (I) THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE TO
32 ENSURE COMPLIANCE WITH THE PROVISIONS OF § 19-319 OF THE HEALTH -
33 GENERAL ARTICLE;

34 (II) A HEALTH MAINTENANCE ORGANIZATION TO ENSURE
35 COMPLIANCE WITH THE PROVISIONS OF TITLE 19, SUBTITLE 7 OF THE HEALTH -
36 GENERAL ARTICLE AND APPLICABLE REGULATIONS; OR

37 (III) A HEALTH MAINTENANCE ORGANIZATION TO ENSURE
38 COMPLIANCE WITH THE NATIONAL COMMITTEE FOR QUALITY ASSURANCE (NCQA)
39 CREDENTIALING REQUIREMENTS.

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1 (e) Subsection (d)(1) of this section does not apply to:

2 (1) A civil action brought by a party to the proceedings of the medical
3 review committee who claims to be aggrieved by the decision of the medical review
4 committee; or

5 (2) Any record or document that is considered by the medical review
6 committee and that otherwise would be subject to discovery and introduction into
7 evidence in a civil trial.

8 (f) A person shall have the immunity from liability described under § 5-393 of the
9 Courts and Judicial Proceedings Article for any action as a member of the medical review
10 committee or for giving information to, participating in, or contributing to the function of
11 the medical review committee.

12 (g) Notwithstanding this section, §§ 14-410 and 14-412 of this title apply to:

13 (1) The Board; and

14 (2) Any other entity, to the extent that it is acting in an investigatory
15 capacity for the Board.

16 14-501.1.

17 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
18 INDICATED.

19 (2) ~~(1)~~ "ACCREDITING ORGANIZATION" MEANS AN ORGANIZATION
20 THAT AWARDS ACCREDITATION TO MANAGED CARE ORGANIZATIONS, ~~SUCH AS~~
21 ~~HEALTH MAINTENANCE ORGANIZATIONS, AND OTHER HEALTH CARE~~
22 ~~ORGANIZATIONS~~ OTHER HEALTH CARE ORGANIZATIONS, HOSPITALS, OR OTHER
23 RELATED INSTITUTIONS.

24 ~~(H) "ACCREDITING ORGANIZATION" INCLUDES THE NATIONAL~~
25 ~~COMMITTEE ON QUALITY ASSURANCE (NCQA).~~

26 ~~(3) (1) "CREDENTIALING ORGANIZATION" MEANS AN ORGANIZATION~~
27 ~~THAT USES A PROCESS TO COLLECT AND VERIFY INFORMATION IN ACCORDANCE~~
28 ~~WITH LICENSING AND ACCREDITATION RULES AND REGULATIONS CONCERNING~~
29 ~~THE PROFESSIONAL BACKGROUND OF A PHYSICIAN WHO IS APPLYING FOR~~
30 ~~PRACTICE PRIVILEGES, ENTERING INTO CONTRACT, OR SEEKING EMPLOYMENT~~
31 ~~WITH A HOSPITAL, RELATED INSTITUTION, OR HEALTH MAINTENANCE~~
32 ~~ORGANIZATION.~~

33 ~~(H) "CREDENTIALING ORGANIZATION" INCLUDES:~~

34 ~~1. A HOSPITAL;~~

35 ~~2. A RELATED INSTITUTION; AND~~

36 ~~3. A HEALTH MAINTENANCE ORGANIZATION.~~

37 ~~(4) (3) "PRIMARY SOURCE VERIFICATION" MEANS A PROCEDURE~~
38 ~~USED BY A CREDENTIALING ORGANIZATION~~ HOSPITAL, RELATED INSTITUTION, OR

1 HEALTH MAINTENANCE ORGANIZATION TO ENSURE THE TRUTH AND ACCURACY
2 OF DOCUMENTS AND INFORMATION SUBMITTED TO THE ~~ORGANIZATION~~ HOSPITAL,
3 RELATED INSTITUTION, OR HEALTH MAINTENANCE ORGANIZATION BY A
4 PHYSICIAN WHO IS APPLYING FOR PRACTICE PRIVILEGES, ENTERING INTO
5 CONTRACT, OR SEEKING EMPLOYMENT WITH A HOSPITAL, RELATED INSTITUTION,
6 OR HEALTH MAINTENANCE ORGANIZATION.

7 (B) ON OR BEFORE JANUARY 1, 1997, THE SECRETARY SHALL ADOPT
8 REGULATIONS ~~ESTABLISHING FOR~~ A CREDENTIALING INFORMATION SYSTEM THAT
9 IS AVAILABLE FOR ALL PHYSICIANS LICENSED UNDER THE HEALTH OCCUPATIONS
10 ARTICLE.

11 (C) ~~IN CONSULTATION WITH APPROPRIATE ACCREDITING ORGANIZATIONS~~
12 AFTER THE SECRETARY REVIEWS THE STANDARDS OF APPROPRIATE
13 CREDENTIALING ORGANIZATIONS AND CONSULTS WITH THE FACULTY, THE
14 MARYLAND HOSPITAL ASSOCIATION, AND THE MARYLAND ASSOCIATION OF
15 HEALTH MAINTENANCE ORGANIZATIONS, THE REGULATIONS ADOPTED BY THE
16 SECRETARY UNDER SUBSECTION (B) OF THIS SECTION SHALL:

17 (1) PROVIDE FOR A PROCEDURE FOR THE COLLECTION AND RELEASE
18 OF CREDENTIALING INFORMATION;

19 (2) INCLUDE STANDARDS BY WHICH ANY ORGANIZATION, INCLUDING
20 THE FACULTY, MAY QUALIFY TO PERFORM PRIMARY SOURCE VERIFICATION; AND

21 (3) PROVIDE FOR THE MONITORING BY THE SECRETARY OF ANY
22 ORGANIZATION THAT QUALIFIES TO ADMINISTER PRIMARY SOURCE
23 VERIFICATION.

24 (D) THE SECRETARY MAY AUTHORIZE ~~CREDENTIALING ORGANIZATIONS~~
25 HOSPITALS, RELATED INSTITUTIONS, OR HEALTH MAINTENANCE ORGANIZATIONS
26 TO RELY ON CREDENTIALING INFORMATION PROVIDED BY AN ORGANIZATION
27 QUALIFIED TO PERFORM PRIMARY SOURCE VERIFICATION IN ACCORDANCE WITH
28 ~~THE STANDARDS REGULATIONS~~ ADOPTED BY THE SECRETARY ~~BY REGULATION~~
29 UNDER THIS SECTION INSTEAD OF REQUIRING A ~~CREDENTIALING ORGANIZATION~~
30 HOSPITAL, RELATED INSTITUTION, OR HEALTH MAINTENANCE ORGANIZATION TO
31 USE ITS OWN PRIMARY SOURCE VERIFICATION PROCEDURE TO TEST THE TRUTH
32 AND ACCURACY OF INFORMATION SUBMITTED ~~TO THE CREDENTIALING~~
33 ~~ORGANIZATION.~~

34 (E) THIS SECTION DOES NOT PROHIBIT A ~~CREDENTIALING ORGANIZATION~~
35 HOSPITAL, RELATED INSTITUTION, OR HEALTH MAINTENANCE ORGANIZATION
36 FROM USING ITS OWN PRIMARY SOURCE VERIFICATION PROCEDURE.

37 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
38 October 1, 1996.

