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**By: Senator Young**

Introduced and read first time: January 25, 1996

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Maintenance Organizations - Compensation and Financial Incentive**  
3 **Arrangements - Disclosure**

4 FOR the purpose of prohibiting a health maintenance organization from prohibiting  
5 certain providers from disclosing certain compensation and financial incentive  
6 arrangements with certain individuals under certain circumstances.

7 BY adding to

8 Article - Health - General  
9 Section 19-710(r)  
10 Annotated Code of Maryland  
11 (1990 Replacement Volume and 1995 Supplement)

12 BY repealing and reenacting, without amendments,

13 Article - Health - General  
14 Section 19-729(a)(8), (9), and (10) and (b) and 19-730  
15 Annotated Code of Maryland  
16 (1990 Replacement Volume and 1995 Supplement)

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

19 **Article - Health - General**

20 19-710.

21 (R) AS PART OF THE TERMS OF A CONTRACT BETWEEN A HEALTH  
22 MAINTENANCE ORGANIZATION AND A PROVIDER OF HEALTH SERVICES, A HEALTH  
23 MAINTENANCE ORGANIZATION MAY NOT PROHIBIT THE PROVIDER FROM  
24 DISCLOSING TO A SUBSCRIBER, MEMBER, ENROLLEE, OR PATIENT THE PROVIDER'S  
25 COMPENSATION AND BONUS OR FINANCIAL INCENTIVE ARRANGEMENT WITH THE  
26 HEALTH MAINTENANCE ORGANIZATION.

27 19-729.

28 (a) A health maintenance organization may not:

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1 (8) Fail to fulfill the basic requirements to operate as a health maintenance  
2 organization as provided in § 19-710 of this subtitle;

3 (9) Violate any applicable provision of Subtitle 55 of Article 48A of the  
4 Code; or

5 (10) Fail to provide services to a member in a timely manner as provided in §  
6 19-705.1(b)(1) of this subtitle.

7 (b) If any health maintenance organization violates this section, the  
8 Commissioner may pursue any one or more of the courses of action described in § 19-730  
9 of this subtitle.

10 19-730.

11 If any person violates any provision of § 19-729 of this subtitle, the Commissioner  
12 may:

13 (1) Issue an administrative order that requires the health maintenance  
14 organization to:

15 (i) Cease inappropriate conduct or practices by it or any of the  
16 personnel employed or associated with it;

17 (ii) Fulfill its contractual obligations;

18 (iii) Provide a service that has been denied improperly;

19 (iv) Take appropriate steps to restore its ability to provide a service  
20 that is provided under a contract;

21 (v) Cease the enrollment of any additional enrollees except newborn  
22 children or other newly acquired dependents or existing enrollees; or

23 (vi) Cease any advertising or solicitation;

24 (2) Impose a penalty of not more than \$1,000 for each unlawful act  
25 committed;

26 (3) Suspend or revoke the certificate of authority to do business as a health  
27 maintenance organization; or

28 (4) Apply to any court for legal or equitable relief considered appropriate by  
29 the Commissioner or the Department, in accordance with the joint internal procedures.

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