
By: Senator Astle

Introduced and read first time: February 2, 1996

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Maintenance Organizations - Rates and Contracts**

3 FOR the purpose of providing an exception to the filing requirements for certain
4 documents; providing that the Insurance Commissioner shall review certain filings
5 by health maintenance organizations; providing grounds for disapproval of a filing;
6 providing procedures for reviewing resubmitted filings; requiring the Insurance
7 Commissioner to send a notice of disapproval; and generally relating to health
8 maintenance organizations and rates and contracts.

9 BY repealing and reenacting, with amendments,
10 Article - Health - General
11 Section 19-713
12 Annotated Code of Maryland
13 (1990 Replacement Volume and 1995 Supplement)

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

16 **Article - Health - General**

17 19-713.

18 (a) Each health maintenance organization shall file with the Commissioner,
19 before they become effective:

20 (1) All rates that the health maintenance organization charges subscribers
21 or groups of subscribers; and

22 (2) The form and content of each contract between the health maintenance
23 organization and its subscribers or groups of subscribers.

24 (b) Rates of a health maintenance organization may not be excessive, inadequate,
25 or unfairly discriminatory in relation to the services offered.

26 (c) (1) If, at any time, a health maintenance organization wishes to amend any
27 contract with its subscribers or change any rate charged, the health maintenance
28 organization shall file with the Commissioner the number of copies of the amendment or
29 rate change that the Commissioner requires.

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1 (2) The Commissioner shall provide the Department with the number of
2 copies it requires.

3 (D) SUBSECTION (A)(2) OF THIS SECTION DOES NOT APPLY TO A GROUP
4 CONTRACT, RIDER, OR ENDORSEMENT, OR FORMS OF UNIQUE CHARACTER
5 DESIGNED FOR AND UNDER SUCH CONTRACTS THAT ARE USED AT THE REQUEST
6 OF THE GROUP CONTRACT HOLDER OF A GROUP THAT CONSISTS OF AT LEAST 250
7 PERSONS.

8 (E) THE COMMISSIONER SHALL COORDINATE THE CONTRACT AND RELATED
9 RATE FILING REVIEW UNDER THIS SECTION.

10 (F) (1) IF WITHIN 60 DAYS AFTER A FILING MADE PURSUANT TO THIS
11 SECTION, THE COMMISSIONER FINDS THE FILING DOES NOT MEET THE
12 REQUIREMENTS OF SUBSECTION (G) OF THIS SECTION, THE COMMISSIONER SHALL
13 SEND THE FILER NOTICE OF DISAPPROVAL SPECIFYING IN WHAT RESPECTS THE
14 FILING FAILS TO MEET THE REQUIREMENTS OF THIS SECTION AND STATE THAT THE
15 FILING SHALL NOT BECOME EFFECTIVE.

16 (2) IF THE FILING IS AN AMENDMENT TO AN APPROVED FORM, THE
17 COMMISSIONER SHALL REVIEW ONLY THE AMENDED LANGUAGE UNLESS:

18 (I) RELEVANT LAW OR REGULATION HAS CHANGED;

19 (II) THE AMENDMENT IMPACTS OTHER SECTIONS OF THE FORM
20 NOT IDENTIFIED IN THE AMENDMENT FILING; OR

21 (III) THE HEALTH MAINTENANCE ORGANIZATION FAILS TO
22 IDENTIFY ALL AMENDED LANGUAGE IN THE AMENDMENT FILING.

23 (3) THE COMMISSIONER MAY NOT ISSUE A NOTICE OF DISAPPROVAL OF
24 A FILING UNDER SUBSECTION (F) OF THIS SECTION WITHOUT A STATUTORY OR
25 REGULATORY BASIS FOR THE DISAPPROVAL AND AN EXPLANATION OF THE
26 APPLICATION OF THE STATUTORY OR REGULATORY BASIS WHICH RESULTED IN
27 THE DISAPPROVAL.

28 (G) THE COMMISSIONER SHALL DISAPPROVE ANY FORM FILED, OR
29 WITHDRAW ANY PREVIOUS APPROVAL, IF THE FORM:

30 (1) IS IN ANY RESPECT IN VIOLATION OR DOES NOT COMPLY WITH THIS
31 ARTICLE OR APPLICABLE REGULATIONS;

32 (2) CONTAINS OR INCORPORATES BY REFERENCE, ANY INCONSISTENT
33 OR INAPPLICABLE CLAUSES, EXCEPTIONS, OR CONDITIONS WHICH AFFECT THE RISK
34 PURPORTED TO BE ASSUMED IN THE GENERAL COVERAGE OF THE CONTRACT;

35 (3) HAS ANY TITLE, HEADING, OR OTHER INDICATION OF ITS
36 PROVISIONS WHICH IS LIKELY TO MISLEAD THE SUBSCRIBER OR MEMBER;

37 (4) INCLUDES PROVISIONS THAT ARE INEQUITABLE, OR PROVISIONS
38 THAT LACK ANY SUBSTANTIAL BENEFIT TO THE SUBSCRIBER OR MEMBER;

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1 (5) IS PRINTED OR OTHERWISE REPRODUCED IN A MANNER AS TO
2 RENDER ANY PROVISION OF THE FORM SUBSTANTIALLY ILLEGIBLE; OR

3 (6) PROVIDES BENEFITS THAT ARE UNREASONABLE IN RELATION TO
4 THE PREMIUM CHARGED.

5 (H) (1) UPON A HEALTH MAINTENANCE ORGANIZATION'S RESUBMISSION
6 OF A FILING SUBMITTED IN RESPONSE TO A NOTICE OF DISAPPROVAL ISSUED
7 PURSUANT TO THIS SECTION, THE COMMISSIONER SHALL REVIEW ONLY THOSE
8 SECTIONS OR PROVISIONS OF THE FILING THAT FAIL TO MEET THE REQUIREMENTS
9 OF THIS SECTION AS SPECIFIED IN THE NOTICE OF DISAPPROVAL ISSUED PURSUANT
10 TO SUBSECTION (F) OF THIS SECTION UNLESS THERE HAS BEEN A CHANGE IN THE
11 LAW OR REGULATION.

12 (2) IF WITHIN 30 DAYS AFTER A RESUBMISSION MADE PURSUANT TO
13 THIS SECTION THE COMMISSIONER FINDS THE FILING DOES NOT MEET THE
14 REQUIREMENTS OF THIS SECTION, THE COMMISSIONER SHALL SEND THE FILER
15 NOTICE OF DISAPPROVAL SPECIFYING IN WHAT RESPECTS THE RESUBMISSION FAILS
16 TO MEET THE REQUIREMENTS OF THIS SECTION AS SPECIFIED IN THE NOTICE OF
17 DISAPPROVAL ISSUED PURSUANT TO SUBSECTION (F) OF THIS SECTION.

18 [(d)] (I) Unless the Commissioner disapproves a filing under this section, the
19 filing becomes effective 60 days after the office of the Commissioner receives the filing or
20 on any other date that the Commissioner sets.

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