

HOUSE BILL 5

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2000 Regular Session
(01r0951)

ENROLLED BILL
-- Economic Matters/Finance --

Introduced by **Delegates Taylor, Dewberry, Hurson, Arnick, Busch, Guns,
Harrison, Hixson, Howard, Kopp, Menes, Montague, Owings, Rawlings,
Rosenberg, Vallario, and Wood**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER 323

1 AN ACT concerning

2 **Health Maintenance Organizations - Responsibility for and Regulation of**
3 **Downstream Risk Assumption Contracts—Member and Provider Protection**

4 FOR the purpose of requiring health maintenance organizations and certain other
5 entities that enter into administrative service provider contracts ~~and~~
6 ~~downstream risk assumption contracts~~ to meet certain requirements; clarifying
7 the responsibility of certain health maintenance organizations for certain claims
8 and payments for health care services under an administrative service provider
9 contract; specifying that certain requirements concerning administrative service
10 provider contracts ~~and downstream risk assumption contracts~~ apply to managed
11 care organizations under the Maryland Medical Assistance Program; requiring
12 the Insurance Commissioner to consult with the Secretary of Health and Mental
13 Hygiene before taking certain action; ~~authorizing the Maryland Insurance~~
14 ~~Commissioner to impose a certain additional penalty on a health maintenance~~
15 ~~organization; making the provisions of this Act applicable to certain provider~~

1 sponsored organizations under certain circumstances; specifying that certain
2 provisions of law apply to a licensed health services contractor and officers,
3 directors, and trustees of a licensed health services contractor; requiring the
4 Commissioner, in consultation with the Secretary of Health and Mental
5 Hygiene, to adopt certain regulations for a certain methodology; specifying that
6 certain provisions of law apply to a certain contract; providing for a certain
7 exemption; prohibiting a health maintenance organization from entering into a
8 downstream risk assumption contract with a person unless the person is a
9 licensed health services contractor; prohibiting a licensed health services
10 contractor from entering into a downstream risk assumption contract with
11 another licensed health services contractor under certain circumstances;
12 specifying the application content and requirements for an applicant for
13 licensure as a health services contractor; specifying certain additional
14 information to be submitted to the Commissioner by an applicant for licensure
15 as a health services contractor; requiring an applicant for licensure as a health
16 services contractor to satisfy the Commissioner that the applicant has a certain
17 capacity and will meet certain requirements; requiring the Commissioner to
18 establish and adopt by regulation certain minimum capital and surplus
19 requirements for licensed health services contractors, certain requirements for
20 an insolvency plan, and certain requirements for the creation of a segregated
21 fund or availability of certain resources; authorizing the Commissioner to
22 require that a health maintenance organization and a licensed health services
23 contractor file and receive approval of a certain plan; requiring a licensed health
24 services contractor to meet certain requirements of law regarding payment and
25 denial of claims; specifying the type of financial statement that a certain
26 contracting provider must provide to a certain health maintenance organization;
27 requiring a contracting provider to submit certain information to a health
28 maintenance organization; specifying the time frames within which certain
29 reports and financial statements must be filed with a certain health maintenance
30 organization; requiring a certain health maintenance organization to establish a
31 certain fund; authorizing the Commissioner to consider certain facts when
32 determining the sufficiency of a certain fund; requiring a certain fund to be held
33 in trust; requiring a certain contracting provider to submit monthly reports to a
34 certain health maintenance organization on the status of certain payments and
35 compliance with certain laws; specifying the frequency of certain audits reviews
36 and inspections; specifying that a health maintenance organization shall meet
37 certain requirements regardless of the existence of a certain fund or certain
38 contract provisions; clarifying that with certain exemptions, members and
39 subscribers are not liable to a licensed health services contractor for certain
40 services; requiring a licensed health services contractor to file certain reports
41 with the Commissioner and certain health maintenance organizations by
42 certain dates; authorizing the Commissioner to require certain quarterly
43 reports; specifying certain provisions of law relating to financial impairment,
44 liquidation, and rehabilitation of an insurer apply to a licensed health services
45 contractor; prohibiting certain entities from entering into an administrative
46 service contract unless a certain plan is filed and approved by the
47 Commissioner; specifying the contents of a certain plan to be filed and approved
48 by the Commissioner; requiring certain health maintenance organizations to file

1 ~~certain information with the Commissioner; requiring certain entities to follow a~~
 2 ~~certain plan; requiring certain entities to monitor a contracting provider for~~
 3 ~~compliance with a certain plan and to notify a contracting provider of failure to~~
 4 ~~comply with the plan; specifying the responsibilities of certain entities upon a~~
 5 ~~contracting provider's failure to comply with a certain plan; specifying the~~
 6 ~~responsibility of a health maintenance organization upon the failure of a~~
 7 ~~licensed health services contractor to meet certain requirements; specifying that~~
 8 ~~a certain plan and certain documentation are confidential; providing for the~~
 9 ~~expiration and renewal of a license for a health services contractor; prohibiting~~
 10 ~~a licensed health services contractor from violating certain provisions of law or~~
 11 ~~committing certain acts; ~~specifying that the failure of requiring a certain health~~~~
 12 ~~maintenance organization to comply with the terms of a certain contract is a~~
 13 ~~violation of certain provisions of law; providing that a certain segregated fund is~~
 14 ~~not the asset of a certain contracting provider for a certain purpose; establishing~~
 15 ~~a certain registration system for certain contracting providers; establishing a~~
 16 ~~certain fee; prohibiting a health maintenance organization from contracting with~~
 17 ~~a certain unregistered contracting provider; providing for certain application~~
 18 ~~requirements procedures; authorizing the Commissioner to adopt certain~~
 19 ~~regulations; establishing certain penalties; requiring the Commissioner to issue~~
 20 ~~a certain notice to the Secretary; altering certain definitions; defining certain~~
 21 ~~terms; requiring the Commissioner to submit a certain report to the Governor~~
 22 ~~and the General Assembly on or before a certain date providing for the~~
 23 ~~application of this Act; and generally relating to health maintenance~~
 24 ~~organizations, licensed health services contractors, contracting providers, and~~
 25 ~~regulation of administrative service provider contracts and downstream risk~~
 26 ~~assumption contracts.~~

27 BY renumbering

28 Article - Health - General
 29 Section 19-713.3 and 19-713.4, respectively
 30 to be Section 19-713.4 and 19-713.5, respectively
 31 Annotated Code of Maryland
 32 (1996 Replacement Volume and 1999 Supplement)

33 BY repealing and reenacting, with amendments,

34 Article - Health - General
 35 Section 15-102.3
 36 Annotated Code of Maryland
 37 (1994 Replacement Volume and 1999 Supplement)

38 BY repealing and reenacting, with amendments,

39 Article - Health - General
 40 Section ~~19-706(y), 19-712(b), 19-713.2, 19-729, and 19-730, and 19-7A-03~~
 41 Annotated Code of Maryland
 42 (1996 Replacement Volume and 1999 Supplement)

1 BY adding to
 2 Article - Health - General
 3 Section 19-712(c) and (d) and 19-713.3
 4 Annotated Code of Maryland
 5 (1996 Replacement Volume and 1999 Supplement)

6 ~~BY repealing~~
 7 ~~Article - Health - General~~
 8 ~~Section 19-713.2~~
 9 ~~Annotated Code of Maryland~~
 10 ~~(1996 Replacement Volume and 1999 Supplement)~~

11 BY repealing and reenacting, with amendments,
 12 Article - Insurance
 13 Section ~~9-231~~ and 15-605(a)
 14 Annotated Code of Maryland
 15 (1997 Volume and 1999 Supplement)

16 ~~BY adding to~~
 17 ~~Article - Insurance~~
 18 ~~Section 15-10D-01 through 15-10D-11, inclusive, to be under the new subtitle~~
 19 ~~"Subtitle 10D. Regulation of Administrative Service Provider Contracts~~
 20 ~~and Downstream Risk Assumption Contracts"~~
 21 ~~Annotated Code of Maryland~~
 22 ~~(1997 Volume and 1999 Supplement)~~

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 24 MARYLAND, That Section(s) 19-713.3 and 19-713.4, respectively, of Article - Health
 25 - General of the Annotated Code of Maryland be renumbered to be Section(s)
 26 19-713.4 and 19-713.5, respectively.

27 ~~SECTION 2. AND BE IT FURTHER ENACTED BY THE GENERAL~~
 28 ~~ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:~~

29 **Article - Health - General**

30 15-102.3.

31 (a) The provisions of § 15-112 of the Insurance Article (Provider panels) shall
 32 apply to managed care organizations in the same manner they apply to carriers.

33 (b) The provisions of § 15-1005 of the Insurance Article shall apply to
 34 managed care organizations in the same manner they apply to health maintenance
 35 organizations.

1 (c) (1) THE PROVISIONS OF TITLE 15, SUBTITLE 10D OF THE INSURANCE
2 ~~ARTICLE SHALL §§ 19-712(B), (C), AND (D), 19-713.2, AND 19-713.3 OF THIS ARTICLE~~
3 APPLY TO MANAGED CARE ORGANIZATIONS IN THE SAME MANNER THEY APPLY TO
4 HEALTH MAINTENANCE ORGANIZATIONS.

5 (2) THE INSURANCE COMMISSIONER SHALL CONSULT WITH THE
6 SECRETARY BEFORE TAKING ANY ACTION AGAINST A MANAGED CARE
7 ORGANIZATION UNDER THIS SUBSECTION.

8 (D) (1) Except as otherwise provided in this subsection, the provisions of §
9 19-718 of this article (Financial affairs examination) shall apply to managed care
10 organizations in the same manner they apply to health maintenance organizations.

11 (2) The Insurance Commissioner or an agent of the Commissioner shall
12 examine the financial affairs and status of each managed care organization at least
13 once every 5 years.

14 ~~19-706.~~

15 ~~(y) The provisions of Title 15, Subtitles 10A, [and] 10C, AND 10D of the~~
16 ~~Insurance Article shall apply to health maintenance organizations.~~

17 ~~19-712.~~

18 (b) (1) A person who holds a certificate of authority to operate a health
19 maintenance organization under this subtitle and who enters into any administrative
20 service provider contract, as defined in [§ 19-713.1] § 19-713.2 of this subtitle, with
21 a person or entity for the provision of health care services to subscribers shall be
22 responsible for all claims or payments for health care services:

23 (i) Covered under the subscriber's contract; and

24 (ii) Rendered by a provider, who is not the person or entity which
25 entered into the administrative service provider contract with the health
26 maintenance organization, pursuant to a referral by a person or entity which entered
27 into the administrative service provider contract with the health maintenance
28 organization.

29 (2) Responsibility for claims and payments under this subsection is
30 subject to the provisions of [§ 19-712.1 of this subtitle] § 15-1005 OF THE INSURANCE
31 ARTICLE.

32 (C) THE RESPONSIBILITY OF A HEALTH MAINTENANCE ORGANIZATION FOR
33 CLAIMS OR PAYMENTS FOR HEALTH CARE SERVICES IN ACCORDANCE WITH
34 SUBSECTION (B) OF THIS SECTION UNDER AN ADMINISTRATIVE SERVICE PROVIDER
35 CONTRACT:

36 (1) IS NOT LIMITED BY THE AMOUNT IN A SEGREGATED FUND
37 ESTABLISHED UNDER § 19-713.2 OF THIS TITLE;

1 (2) EXISTS IRRESPECTIVE OF THE INSOLVENCY OR OTHER INABILITY OR
 2 FAILURE OF A CONTRACTING PROVIDER, AS DEFINED IN § 19-713.2 OF THIS
 3 SUBTITLE, TO PAY;

4 (3) EXISTS IRRESPECTIVE OF THE DELEGATION OR FURTHER
 5 SUBCONTRACTING OF HEALTH CARE SERVICES BY A CONTRACTING PROVIDER TO AN
 6 EXTERNAL PROVIDER, AS DEFINED IN § 19-713.2 OF THIS SUBTITLE;

7 (4) MAY NOT BE ALTERED BY CONTRACT; AND

8 (5) APPLIES TO ALL HEALTH CARE SERVICES, INCLUDING THOSE
 9 PROVIDED UNDER STATE AND FEDERAL PROGRAMS, UNLESS PREEMPTED BY
 10 FEDERAL LAW.

11 (D) SUBSECTIONS (B) AND (C) OF THIS SECTION APPLY TO A CONTRACT
 12 BETWEEN A HEALTH MAINTENANCE ORGANIZATION AND ANY COMPANY AFFILIATED
 13 WITH THE HEALTH MAINTENANCE ORGANIZATION THROUGH COMMON OWNERSHIP
 14 WITHIN AN INSURANCE HOLDING COMPANY SYSTEM, THAT MEETS THE DEFINITION
 15 OF A CONTRACTING PROVIDER UNDER § 19-713.2 OF THIS SUBTITLE.

16 ¶19-713.2.

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

18 (2) "Administrative service provider contract" means a contract or
 19 capitation agreement between a health maintenance organization and a contracting
 20 provider which includes requirements that:

21 (i) The contracting provider accept payments from a health
 22 maintenance organization for health care services to be provided to members of the
 23 health maintenance organization that the contracting provider arranges to be
 24 provided by external providers; and

25 (ii) The contracting provider administer payments pursuant to the
 26 contract ~~within~~ **WITH** the health maintenance organization for the health care
 27 services to the external providers.

28 (3) "Contracting provider" means a ~~physician or other health care~~
 29 ~~provider~~ **PERSON** who enters into an administrative service provider contract with a
 30 health maintenance organization.

31 (4) "External provider" means a ~~health care provider~~ **PERSON HEALTH**
 32 **CARE PROVIDER**, including a physician or hospital, who is not:

33 (i) A contracting provider; or

34 (ii) An employee, shareholder, or partner of a contracting provider.

35 (B) THIS SECTION DOES NOT APPLY TO A CONTRACT BETWEEN A HEALTH
 36 MAINTENANCE ORGANIZATION AND A CONTRACTING PROVIDER THAT IS

1 AFFILIATED WITH THE HEALTH MAINTENANCE ORGANIZATION THROUGH COMMON
 2 OWNERSHIP WITHIN AN INSURANCE HOLDING COMPANY SYSTEM, IF THE HEALTH
 3 MAINTENANCE ORGANIZATION:

4 (1) FILES WITH THE COMMISSIONER CONSOLIDATED FINANCIAL
 5 STATEMENTS THAT INCLUDE THE CONTRACTING PROVIDER; AND

6 (2) RECORDS A RESERVE FOR THE LIABILITIES OF THE CONTRACTING
 7 PROVIDER IN ACCORDANCE WITH § 5-201 OF THIS ARTICLE.

8 ~~(b)~~ (C) A health maintenance organization may not enter into an
 9 administrative service provider contract unless:

10 (1) The health maintenance organization files with the Insurance
 11 Commissioner a plan that satisfies the requirements of subsection ~~(e)~~ (D) of this
 12 section; and

13 (2) The Insurance Commissioner does not disapprove the filing within 30
 14 days after the plan is filed.

15 ~~(e)~~ (D) The plan required under subsection ~~(b)~~ (C) of this section shall:

16 (1) Require the contracting provider to provide the health maintenance
 17 organization with regular MONTHLY reports, ~~at least quarterly~~ WITHIN 30 DAYS OF
 18 THE END OF THE MONTH REPORTED, that identify payments made or owed to
 19 external providers in sufficient detail to determine if the payments are being made in
 20 compliance with law;

21 (2) Require the contracting provider to provide to the health
 22 maintenance organization a current, ~~AUDITED~~ annual financial statement of the
 23 contracting provider each year, WITHIN 90 DAYS OF THE END OF THE YEAR
 24 REPORTED;

25 (3) Require the ~~creation by the contracting provider, or on the~~
 26 ~~contracting provider's behalf, of~~ HEALTH MAINTENANCE ORGANIZATION TO
 27 ESTABLISH AND MAINTAIN a segregated fund, IN A FORM AND AN AMOUNT
 28 APPROVED BY THE COMMISSIONER, THAT IS:

29 (I) WHICH MAY INCLUDE WITHHELD FUNDS, ESCROW ACCOUNTS,
 30 LETTERS OF CREDIT, OR SIMILAR ARRANGEMENTS, OR REQUIRE THE AVAILABILITY
 31 OF OTHER RESOURCES THAT ARE ~~(which may include withheld funds, escrow~~
 32 ~~accounts, letters of credit, or similar arrangements), or require the availability of~~
 33 ~~other resources that are~~ sufficient to satisfy the contracting provider's obligations to
 34 external providers for services rendered to members of the health maintenance
 35 organization; AND

36 (II) EQUAL TO AT LEAST 3 MONTHS OF CAPITATION AND OTHER
 37 PAYMENTS FOR HEALTH CARE SERVICES BY THE HEALTH MAINTENANCE
 38 ORGANIZATION TO THE CONTRACTING PROVIDER;

1 (4) Require an explanation of how THE CONTRACTING PROVIDER TO
 2 SUBMIT TO THE HEALTH MAINTENANCE ORGANIZATION INFORMATION
 3 DEMONSTRATING THAT the fund or resources required ESTABLISHED under
 4 paragraph ITEM(3) of this subsection create funds or other resources IS sufficient to
 5 satisfy the contracting provider's obligations to external providers for services
 6 rendered to members of the health maintenance organization; AND and

7 (5) ~~Permit~~ REQUIRE the health maintenance organization, ~~at mutually~~
 8 ~~agreed upon times and upon reasonable prior notice~~ AT LEAST QUARTERLY, to audit
 9 REVIEW and inspect the contracting provider's books, records, and operations
 10 relevant to the provider's contract for the purpose of determining the contracting
 11 provider's compliance with the plan;

12 (6) REQUIRE THE HEALTH MAINTENANCE ORGANIZATION TO INCLUDE
 13 A COPY OF THE FINANCIAL STATEMENT REQUIRED UNDER ITEM (2) OF THIS
 14 SUBSECTION IN ITS ANNUAL REPORT UNDER § 19 717 OF THIS SUBTITLE; AND

15 (7) REQUIRE THE CONTRACTING PROVIDER TO SUBMIT MONTHLY
 16 REPORTS TO THE HEALTH MAINTENANCE ORGANIZATION ON THE STATUS OF THE
 17 PAYMENTS MADE AND OWED TO EXTERNAL PROVIDERS AND THE COMPLIANCE BY
 18 THE CONTRACTING PROVIDER WITH § 15 1005 OF THE INSURANCE ARTICLE.

19 (E) IN DETERMINING THE SUFFICIENCY OF A SEGREGATED FUND, THE
 20 COMMISSIONER MAY CONSIDER WHETHER EXTERNAL PROVIDERS ARE OWNED OR
 21 CONTROLLED BY THE CONTRACTING PROVIDER.

22 (F) THE SEGREGATED FUND OR OTHER RESOURCES ESTABLISHED AS A
 23 RESULT OF AN ADMINISTRATIVE SERVICE PROVIDER CONTRACT:

24 (1) SHALL BE HELD IN TRUST FOR PAYMENT TO EXTERNAL PROVIDERS;
 25 AND

26 (2) MAY NOT BE CONSIDERED AN ASSET OR AN ACCOUNT OF THE
 27 CONTRACTING PROVIDER FOR THE PURPOSE OF DETERMINING THE ASSETS OR
 28 ACCOUNTS OF A BANKRUPT CONTRACTING PROVIDER.

29 (4) (G) The health maintenance organization and the contracting provider
 30 shall comply with the plan.

31 (E) (1) THE HEALTH MAINTENANCE ORGANIZATION SHALL FILE WITH THE
 32 COMMISSIONER THE RESULTS OF EACH QUARTERLY AUDIT REQUIRED UNDER
 33 SUBSECTION (C)(5) OF THIS SECTION.

34 (2) AT LEAST ANNUALLY, THE HEALTH MAINTENANCE ORGANIZATION
 35 SHALL FILE THE FOLLOWING INFORMATION WITH THE COMMISSIONER IN A FORM
 36 APPROVED BY THE COMMISSIONER:

37 (1) A COPY OR SUMMARY OF EACH ADMINISTRATIVE SERVICE
 38 PROVIDER CONTRACT;

1 ~~(H) DOCUMENTATION OF CAPITATION AND OTHER PAYMENTS~~
 2 ~~MADE UNDER EACH ADMINISTRATIVE SERVICE PROVIDER CONTRACT;~~

3 ~~(III) THE NUMBER OF LIVES COVERED UNDER EACH~~
 4 ~~ADMINISTRATIVE SERVICE PROVIDER CONTRACT;~~

5 ~~(IV) THE FUNDING AND STATUS OF EACH SEGREGATED FUND; AND~~

6 ~~(V) ANY OTHER INFORMATION THE COMMISSIONER DETERMINES~~
 7 ~~TO BE APPROPRIATE.~~

8 (e) ~~(F)~~ (H) (1) The health maintenance organization shall monitor the
 9 contracting provider to assure compliance with the plan, and the health maintenance
 10 organization shall notify the contracting provider whenever a failure to comply with
 11 the plan occurs.

12 (2) Upon the failure of the contracting provider to comply with the plan
 13 following notice of noncompliance, or upon termination of the administrative service
 14 provider contract for any reason, the health maintenance organization shall NOTIFY
 15 THE COMMISSIONER AND SHALL assume the administration of any payments due
 16 from the contracting provider to external providers on behalf of the contracting
 17 provider, AS REQUIRED UNDER § 19-712 OF THIS SUBTITLE.

18 (I) THE HEALTH MAINTENANCE ORGANIZATION SHALL FILE WITH THE
 19 COMMISSIONER, THE RESULTS OF EACH QUARTERLY REVIEW REQUIRED UNDER
 20 SUBSECTION (D)(5) OF THIS SECTION.

21 ~~(F)~~ ~~(G)~~ (J) The plan and all supporting documentation submitted in
 22 connection with the plan shall be treated as confidential and proprietary, and may not
 23 be disclosed except as otherwise required by law.

24 ~~(g)~~ ~~(H)~~ ~~On July 1, 1991, any health maintenance organization which has~~
 25 ~~existing contracts or arrangements subject to this section shall file a plan under this~~
 26 ~~section within 120 days.~~

27 ~~(I) THE SEGREGATED FUND ESTABLISHED UNDER SUBSECTION (C) OF THIS~~
 28 ~~SECTION MAY NOT BE CONSIDERED AN ASSET OF A CONTRACTING PROVIDER FOR~~
 29 ~~THE PURPOSE OF DETERMINING THE ASSETS OF A CONTRACTING PROVIDER.~~

30 ~~(J) (K) IT IS A VIOLATION OF THIS SECTION FOR A HEALTH MAINTENANCE~~
 31 ~~ORGANIZATION TO FAIL TO A HEALTH MAINTENANCE ORGANIZATION AND A~~
 32 ~~CONTRACTING PROVIDER SHALL COMPLY WITH THE TERMS OF AN ADMINISTRATIVE~~
 33 ~~SERVICE PROVIDER CONTRACT AS REQUIRED UNDER THIS SECTION AND § 19-712 OF~~
 34 ~~THIS SUBTITLE.~~

35 (L) IF A CONTRACTING PROVIDER FAILS TO COMPLY WITH THE PLAN OR THE
 36 ADMINISTRATIVE SERVICE PROVIDER CONTRACT, AS REQUIRED UNDER
 37 SUBSECTIONS (G) AND (K) OF THIS SECTION, THE COMMISSIONER MAY IMPOSE A
 38 FINE NOT EXCEEDING \$125,000 OR SUSPEND OR REVOKE THE REGISTRATION OF THE
 39 CONTRACTING PROVIDER UNDER § 19-713.3 OF THIS SUBTITLE, OR BOTH.

1 19-713.3.

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
3 INDICATED.

4 (2) "ADMINISTRATIVE SERVICE PROVIDER CONTRACT" HAS THE
5 MEANING STATED IN § 19-713.2 OF THIS SUBTITLE.

6 (3) "CONTRACTING PROVIDER" HAS THE MEANING STATED IN § 19-713.2
7 OF THIS SUBTITLE.

8 (B) (1) A PERSON MUST REGISTER WITH THE COMMISSIONER BEFORE THE
9 PERSON ACTS AS A CONTRACTING PROVIDER IN THIS STATE.

10 (2) A HEALTH MAINTENANCE ORGANIZATION MAY NOT ENTER INTO AN
11 ADMINISTRATIVE SERVICE PROVIDER CONTRACT WITH A CONTRACTING PROVIDER
12 THAT HAS NOT REGISTERED WITH THE COMMISSIONER.

13 (C) (1) AN APPLICANT FOR REGISTRATION SHALL:

14 ~~(A)~~ SUBMIT AN APPLICATION TO THE COMMISSIONER IN A FORM
15 APPROVED BY THE COMMISSIONER AND INCLUDE ANY INFORMATION REQUIRED
16 UNDER SUBSECTION ~~(D)~~ (E) OF THIS SECTION; AND.

17 ~~(H)~~ PAY TO THE COMMISSIONER AN APPLICATION FEE
18 ESTABLISHED BY THE COMMISSIONER BY REGULATION SUFFICIENT TO COVER THE
19 COSTS ASSOCIATED WITH CARRYING OUT THE PROVISIONS OF THIS SECTION AND §
20 19-713.2 OF THIS SUBTITLE.

21 (2) ~~(H)~~ A REGISTRATION UNDER THIS SECTION EXPIRES 2 YEARS FROM
22 THE DATE THE APPLICATION IS APPROVED.

23 (D) THE COMMISSIONER MAY CHARGE A REGISTRATION FEE SUFFICIENT TO
24 COVER THE COST OF IMPLEMENTING THIS SECTION.

25 (E) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THE
26 PROVISIONS OF THIS SECTION AND § 19-713.2 OF THIS SUBTITLE.

27 ~~(D)~~ THE REGISTRATION APPLICATION MAY REQUIRE THE FOLLOWING
28 INFORMATION:

29 (1) THE AMOUNT OF CAPITATION AND OTHER PAYMENTS RECEIVED BY
30 THE CONTRACTING PROVIDER UNDER ALL ADMINISTRATIVE SERVICE PROVIDER
31 CONTRACTS ON AN ANNUAL BASIS, INCLUDING AMOUNTS RECEIVED UNDER STATE
32 AND FEDERAL PROGRAMS;

33 (2) THE NUMBER OF LIVES COVERED BY THE CONTRACTING PROVIDER
34 UNDER ALL ADMINISTRATIVE SERVICE PROVIDER CONTRACTS;

35 (3) INFORMATION RELATING TO THE CONTROL OF THE APPLICANT,
36 INCLUDING THE IDENTITY OF:

- 1 ~~(I) MANAGEMENT;~~
- 2 ~~(II) THE BOARD OF DIRECTORS; AND~~
- 3 ~~(III) CONTROLLING OWNERS;~~
- 4 ~~(4) A DESCRIPTION OF THE MEDICAL CARE DELIVERY SYSTEM OF THE~~
5 ~~CONTRACTING PROVIDER, INCLUDING A COPY OF ANY CONTRACT RELATED TO THE~~
6 ~~PROVISION OF ANY SERVICE REQUIRED UNDER THE ADMINISTRATIVE SERVICE~~
7 ~~PROVIDER CONTRACT; AND~~
- 8 ~~(5) A COPY OF THE MOST RECENT AUDITED ANNUAL FINANCIAL~~
9 ~~STATEMENT REQUIRED UNDER § 19-713.2(C)(2) OF THIS SUBTITLE.~~
- 10 ~~(E) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THE~~
11 ~~REQUIREMENTS OF THIS SECTION.~~
- 12 19-729.
- 13 (a) A health maintenance organization may not:
- 14 (1) Violate any provision of this subtitle or any rule or regulation
15 adopted under it;
- 16 (2) Fail to fulfill its obligations to provide the health care services
17 specified in its contracts with subscribers;
- 18 (3) Make any false statement with respect to any report or statement
19 required by this subtitle or by the Commissioner under this subtitle;
- 20 (4) Advertise, merchandise, or attempt to merchandise its services in a
21 way that misrepresents its services or capacity for service;
- 22 (5) Engage in a deceptive, misleading, unfair, or unauthorized practice
23 as to advertising or merchandising;
- 24 (6) Prevent or attempt to prevent the Commissioner or the Department
25 from performing any duty imposed by this subtitle;
- 26 (7) Fraudulently obtain or fraudulently attempt to obtain any benefit
27 under this subtitle;
- 28 (8) Fail to fulfill the basic requirements to operate as a health
29 maintenance organization as provided in § 19-710 of this subtitle;
- 30 (9) Violate any applicable provision of Title 15, Subtitle 12 of the
31 Insurance Article;
- 32 (10) Fail to provide services to a member in a timely manner as provided
33 in § 19-705.1(b)(1) of this subtitle;

1 (11) Fail to comply with the provisions of Title 15, Subtitle 10A, 10B, [or]
2 10C, 10D, or § 2-112.2 of the Insurance Article; or

3 (12) Violate any provision of § 19-712.5 of this subtitle.

4 (b) If any health maintenance organization violates this section, the
5 Commissioner may pursue any one or more of the courses of action described in §
6 19-730 of this subtitle.

7 19-730.

8 (a) If any person violates any provision of § 19-729 of this subtitle, the
9 Commissioner may:

10 (1) Issue an administrative order that requires the health maintenance
11 organization to:

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

14 (ii) Fulfill its contractual obligations;

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

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

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

20 (vi) Cease any advertising or solicitation;

21 (2) ~~[Impose] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS~~
22 ~~SECTION, IMPOSE a penalty of not more than \$5,000 for each unlawful act committed;~~

23 (3) ~~Impose any penalty that could be imposed on an insurer under §~~
24 ~~4-113(d) of the Insurance Article;~~

25 (2) IN ADDITION TO SUSPENDING OR REVOKING A CERTIFICATE OF
26 AUTHORITY:

27 (I) IMPOSE A PENALTY OF NOT LESS THAN \$100, BUT NOT MORE
28 THAN \$125,000 FOR EACH VIOLATION; AND

29 (II) ORDER THE HEALTH MAINTENANCE ORGANIZATION TO PAY
30 RESTITUTION TO ANY PERSON WHO HAS SUFFERED FINANCIAL INJURY BECAUSE OF
31 THE VIOLATION;

32 (4) (3) Suspend, revoke, or refuse to renew the certificate of authority
33 to do business as a health maintenance organization;

1 ~~(5)~~ (4) Suspend, revoke, or refuse to renew the certificate of a medical
2 director of a health maintenance organization; OR

3 ~~(6)~~ (6) ~~Impose any penalty that could be imposed on an insurer under §~~
4 ~~4-113(d) of the Insurance Article; or~~

5 ~~(7)~~ ~~(6)~~ (5) Apply to any court for legal or equitable relief considered
6 appropriate by the Commissioner or the Department, in accordance with the joint
7 internal procedures.

8 ~~(b) IN ADDITION TO THE ACTIONS AVAILABLE TO THE COMMISSIONER IN~~
9 ~~SUBSECTION (A) OF THIS SECTION, IF A PERSON VIOLATES ANY PROVISION OF TITLE~~
10 ~~15, SUBTITLE 10D OF THE INSURANCE ARTICLE § 19-712, § 19-713.2, OR § 19-713.3 OF~~
11 ~~THIS SUBTITLE, THE COMMISSIONER MAY IMPOSE A PENALTY OF NOT MORE THAN~~
12 ~~\$125,000 FOR EACH VIOLATION.~~

13 ~~(C)~~ If the Commissioner issues an order or imposes any penalty under this
14 section, the Commissioner immediately shall provide written notice of the order or
15 penalty to the Secretary.

16 ~~19-7A-03.~~

17 ~~(a) (1) Before an entity may operate as a provider-sponsored organization~~
18 ~~under the federal Medicare+Choice Program, the entity must obtain a license from~~
19 ~~the Commissioner.~~

20 ~~(2) The Commissioner shall issue a license under paragraph (1) of this~~
21 ~~subsection to any entity to operate as a provider-sponsored organization that meets~~
22 ~~the requirements of subsection (b) of this section.~~

23 ~~(b) To operate as a provider-sponsored organization under the federal~~
24 ~~Medicare+Choice Program in this State, an entity shall:~~

25 ~~(1) Meet the definition of a provider-sponsored organization under §~~
26 ~~19-7A-01 of this subtitle; and~~

27 ~~(2) Meet the requirements applicable to a health maintenance~~
28 ~~organization under Subtitle 7 of this title AND TITLE 15, SUBTITLE 10D OF THE~~
29 ~~INSURANCE ARTICLE to the extent those requirements are not preempted by federal~~
30 ~~law.~~

31 **Article - Insurance**

32 ~~9-231.~~

33 ~~(a) In this section, "chief executive officer" means a person charged by the~~
34 ~~board of directors or trustees of an insurer to administer and implement policies and~~
35 ~~procedures of the insurer.~~

36 ~~(b) The provisions of this section that apply to insurers also apply to:~~

1 (1) a corporation that operates a nonprofit health service plan under
2 Title 14, Subtitle 1 of this article;

3 (2) a dental plan organization, as defined in § 14-401 of this article;

4 (3) a surplus lines insurer; [and]

5 (4) a health maintenance organization; AND

6 (5) ~~A LICENSED HEALTH SERVICES CONTRACTOR AS DEFINED IN §~~
7 ~~45-10D-01 OF THIS ARTICLE.~~

8 (e) (1) A chief executive officer shall immediately provide the Commissioner
9 and all members of the board of directors or the trustees of an insurer with written
10 notice that the insurer is an impaired insurer, if the chief executive officer:

11 (i) knows that the insurer is an impaired insurer; and

12 (ii) for a period of 60 days, has been unable to remedy the
13 impairment.

14 (2) A director, officer, or trustee of an insurer who knows that the insurer
15 is an impaired insurer shall immediately notify the chief executive officer of the
16 impairment.

17 (d) Notice provided to the Commissioner under this section has the
18 confidentiality specified in § 7-106 of this article.

19 (e) If a person knows that the action will result in or contribute to an insurer
20 becoming an impaired insurer, the person may not:

21 (1) conceal property that belongs to the insurer;

22 (2) transfer or conceal property of the person or property that belongs to
23 the insurer in contemplation of a delinquency proceeding;

24 (3) conceal, destroy, mutilate, alter, or falsify a document that relates to
25 the property of the insurer;

26 (4) withhold a document from a receiver, trustee, or other officer of the
27 court entitled to its possession under this subtitle; or

28 (5) give, obtain, or receive anything of value for acting or forbearing to
29 act in a delinquency proceeding.

30 (f) (1) In addition to any other applicable penalty provided in this article, a
31 person that violates subsection (e) of this section is guilty of a misdemeanor and on
32 conviction is subject to a fine not exceeding \$50,000 or imprisonment not exceeding 3
33 years or both.

1 (2) In addition to any other applicable penalty provided in this article, a
 2 person that violates subsection (c) of this section is subject to a civil penalty not
 3 exceeding \$50,000.

4 (g) ~~THE REQUIREMENTS AND PENALTIES OF THIS SECTION THAT APPLY TO A~~
 5 ~~CHIEF EXECUTIVE OFFICER OF AN INSURER APPLY IN THE SAME MANNER TO A~~
 6 ~~DIRECTOR, OFFICER, OR TRUSTEE OF A LICENSED HEALTH SERVICES CONTRACTOR.~~

7 (H) ~~The Commissioner may issue a cease and desist order in accordance with §~~
 8 ~~27-103 of this article against a person that violates subsection (c) or subsection (e) of~~
 9 ~~this section.~~

10 15-605.

11 (a) (1) On or before March 1 of each year, an annual report that meets the
 12 specifications of paragraph (2) of this subsection shall be submitted to the
 13 Commissioner by:

14 (i) each authorized insurer that provides health insurance in the
 15 State;

16 (ii) each nonprofit health service plan that is authorized by the
 17 Commissioner to operate in the State;

18 (iii) each health maintenance organization that is authorized by the
 19 Commissioner to operate in the State; and

20 (iv) as applicable in accordance with regulations adopted by the
 21 Commissioner, each managed care organization that is authorized to receive Medicaid
 22 prepaid capitation payments under Title 15, Subtitle 1 of the Health - General
 23 Article.

24 (2) The annual report required under this subsection shall:

25 (i) be submitted in a form required by the Commissioner; and

26 (ii) include for the preceding calendar year the following data for all
 27 health benefit plans specific to the State:

28 1. premiums written;

29 2. premiums earned;

30 3. total amount of incurred claims including reserves for
 31 claims incurred but not reported at the end of the previous year;

32 4. total amount of incurred expenses, including commissions,
 33 acquisition costs, general expenses, taxes, licenses, and fees, estimated if necessary;

34 5. loss ratio; and

1 6. expense ratio.

2 (3) The data required under paragraph (2) of this subsection shall be
3 reported:

4 (i) by product delivery system for health benefit plans that are
5 issued under Subtitle 12 of this title;

6 (ii) in the aggregate for health benefit plans that are issued to
7 individuals;

8 (iii) in the aggregate for a managed care organization that operates
9 under Title 15, Subtitle 1 of the Health - General Article; and

10 (iv) in a manner determined by the Commissioner in accordance
11 with this subsection for all other health benefit plans.

12 (4) THE COMMISSIONER, IN CONSULTATION WITH THE SECRETARY OF
13 HEALTH AND MENTAL HYGIENE, SHALL ESTABLISH AND ADOPT BY REGULATION A
14 METHODOLOGY TO BE ~~UTILIZED~~ USED IN THE ANNUAL REPORT THAT ENSURES A
15 CLEAR SEPARATION OF ALL MEDICAL AND ADMINISTRATIVE EXPENSES WHETHER
16 INCURRED DIRECTLY OR THROUGH A SUBCONTRACTOR.

17 (5) The Commissioner may conduct an examination to ensure that an
18 annual report submitted under this subsection is accurate.

19 [(5)] (6) Failure of an insurer, nonprofit health service plan, or health
20 maintenance organization to submit the information required under this subsection
21 in a timely manner shall result in a penalty of \$500 for each day after March 1 that
22 the information is not submitted.

23 ~~SUBTITLE 10D. REGULATION OF ADMINISTRATIVE SERVICE PROVIDER CONTRACTS~~
24 ~~AND DOWNSTREAM RISK ASSUMPTION CONTRACTS.~~

25 ~~15-10D-01.~~

26 ~~(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS~~
27 ~~INDICATED:~~

28 ~~(B) "ADMINISTRATIVE SERVICE PROVIDER CONTRACT" MEANS A CONTRACT~~
29 ~~OR CAPITATION AGREEMENT BETWEEN A HEALTH MAINTENANCE ORGANIZATION~~
30 ~~AND A CONTRACTING PROVIDER OR BETWEEN A LICENSED HEALTH SERVICES~~
31 ~~CONTRACTOR AND A CONTRACTING PROVIDER THAT INCLUDES REQUIREMENTS~~
32 ~~THAT:~~

33 ~~(1) THE CONTRACTING PROVIDER ACCEPT PAYMENTS FROM A HEALTH~~
34 ~~MAINTENANCE ORGANIZATION FOR HEALTH CARE SERVICES TO BE PROVIDED TO~~
35 ~~MEMBERS OF A HEALTH MAINTENANCE ORGANIZATION THAT THE CONTRACTING~~
36 ~~PROVIDER ARRANGES TO BE PROVIDED BY EXTERNAL PROVIDERS; AND~~

1 (2) ~~THE CONTRACTING PROVIDER ADMINISTER PAYMENTS PURSUANT~~
2 ~~TO THE CONTRACT WITHIN THE HEALTH MAINTENANCE ORGANIZATION FOR THE~~
3 ~~HEALTH CARE SERVICES TO THE EXTERNAL PROVIDERS.~~

4 (C) ~~"CAPITATED BASIS" MEANS A FIXED MEMBER PER MONTH PAYMENT OR~~
5 ~~FIXED PERCENTAGE OF PREMIUM PAYMENT WHERE THE PROVIDER OR~~
6 ~~CONTRACTING PROVIDER ASSUMES THE RISK FOR THE COST OF THE CONTRACTED~~
7 ~~HEALTH CARE SERVICE.~~

8 (D) ~~"CONTRACTING PROVIDER" MEANS A PHYSICIAN OR OTHER HEALTH CARE~~
9 ~~PROVIDER WHO ENTERS INTO AN ADMINISTRATIVE SERVICE PROVIDER CONTRACT~~
10 ~~WITH A HEALTH MAINTENANCE ORGANIZATION OR A LICENSED HEALTH SERVICES~~
11 ~~CONTRACTOR.~~

12 (E) ~~"DOWNSTREAM RISK ASSUMPTION CONTRACT" MEANS A CONTRACT OR~~
13 ~~AGREEMENT, INCLUDING AN ADMINISTRATIVE SERVICE PROVIDER CONTRACT, FOR~~
14 ~~HEALTH CARE SERVICES TO BE PROVIDED TO A MEMBER OF A HEALTH~~
15 ~~MAINTENANCE ORGANIZATION WITH PAYMENT TO BE MADE ON A CAPITATED BASIS~~
16 ~~THAT INCLUDES REQUIREMENTS THAT:~~

17 (1) ~~THE NUMBER OF MEMBERS TO RECEIVE HEALTH CARE SERVICES~~
18 ~~PER MONTH EXCEEDS 100 INDIVIDUALS; OR~~

19 (2) ~~THE CAPITATION AMOUNT TO BE RECEIVED MEETS OR EXCEEDS~~
20 ~~\$50,000 PER MONTH.~~

21 (F) ~~"EXTERNAL PROVIDER" MEANS A HEALTH CARE PROVIDER, INCLUDING A~~
22 ~~PHYSICIAN OR HOSPITAL, WHO IS NOT:~~

23 (1) ~~A CONTRACTING PROVIDER; OR~~

24 (2) ~~AN EMPLOYEE, SHAREHOLDER, OR PARTNER OF A CONTRACTING~~
25 ~~PROVIDER.~~

26 (G) ~~"HEALTH CARE SERVICES" HAS THE MEANING STATED IN § 19-701(E) OF~~
27 ~~THE HEALTH GENERAL ARTICLE AND INCLUDES ANY HEALTH OR MEDICAL~~
28 ~~PROCEDURE OR SERVICE RENDERED BY A HEALTH CARE PROVIDER THAT:~~

29 (1) ~~PROVIDES TESTING, DIAGNOSIS, OR TREATMENT OF A HUMAN~~
30 ~~DISEASE OR DYSFUNCTION; OR~~

31 (2) ~~DISPENSES DRUGS, MEDICAL DEVICES, MEDICAL APPLIANCES, OR~~
32 ~~MEDICAL GOODS FOR THE TREATMENT OF A HUMAN DISEASE OR DYSFUNCTION.~~

33 (H) ~~"HEALTH MAINTENANCE ORGANIZATION" HAS THE MEANING STATED IN §~~
34 ~~19-701(F) OF THE HEALTH GENERAL ARTICLE.~~

35 (I) ~~"LICENSED HEALTH SERVICES CONTRACTOR" MEANS AN ENTITY OR~~
36 ~~PROVIDER THAT IS LICENSED BY THE COMMISSIONER IN ACCORDANCE WITH THE~~
37 ~~REQUIREMENTS OF THIS SUBTITLE.~~

1 ~~(J) "MEMBER" HAS THE MEANING STATED IN § 19-701(G) OF THE HEALTH-~~
2 ~~GENERAL ARTICLE.~~

3 ~~(K) "PROVIDER" MEANS ANY PERSON, INCLUDING A PHYSICIAN OR HOSPITAL,~~
4 ~~THAT IS LICENSED OR OTHERWISE AUTHORIZED IN THIS STATE TO PROVIDE HEALTH~~
5 ~~CARE SERVICES.~~

6 ~~15-10D-02.~~

7 ~~(A) A HEALTH MAINTENANCE ORGANIZATION MAY NOT ENTER INTO A~~
8 ~~DOWNSTREAM RISK ASSUMPTION CONTRACT WITH A PERSON UNLESS THE PERSON~~
9 ~~IS A LICENSED HEALTH SERVICES CONTRACTOR IN ACCORDANCE WITH THIS~~
10 ~~SUBTITLE.~~

11 ~~(B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A~~
12 ~~LICENSED HEALTH SERVICES CONTRACTOR MAY NOT ENTER INTO A DOWNSTREAM~~
13 ~~RISK ASSUMPTION CONTRACT WITH ANOTHER LICENSED HEALTH SERVICES~~
14 ~~CONTRACTOR.~~

15 ~~(2) A HEALTH MAINTENANCE ORGANIZATION THAT IS ALSO A LICENSED~~
16 ~~HEALTH SERVICES CONTRACTOR MAY ENTER INTO A DOWNSTREAM RISK~~
17 ~~ASSUMPTION CONTRACT WITH A LICENSED HEALTH SERVICES CONTRACTOR FOR~~
18 ~~HEALTH CARE SERVICES TO BE PROVIDED TO MEMBERS OF THE HEALTH~~
19 ~~MAINTENANCE ORGANIZATION.~~

20 ~~15-10D-03.~~

21 ~~(A) AN APPLICANT FOR LICENSURE AS A HEALTH SERVICES CONTRACTOR~~
22 ~~SHALL:~~

23 ~~(1) SUBMIT AN APPLICATION TO THE COMMISSIONER ON THE FORM~~
24 ~~THAT THE COMMISSIONER REQUIRES; AND~~

25 ~~(2) PAY TO THE COMMISSIONER THE APPLICATION FEE ESTABLISHED~~
26 ~~BY THE COMMISSIONER THROUGH REGULATION.~~

27 ~~(B) THE APPLICATION SHALL:~~

28 ~~(1) BE ON A FORM AND ACCOMPANIED BY ANY SUPPORTING~~
29 ~~DOCUMENTS THE COMMISSIONER REQUIRES; AND~~

30 ~~(2) BE SIGNED AND VERIFIED BY THE APPLICANT.~~

31 ~~(C) THE APPLICATION FEE REQUIRED UNDER SUBSECTION (A) OF THIS~~
32 ~~SECTION SHALL BE SUFFICIENT TO PAY FOR THE ADMINISTRATIVE COSTS OF THE~~
33 ~~LICENSURE PROGRAM AND ANY OTHER COSTS ASSOCIATED WITH CARRYING OUT~~
34 ~~THE PROVISIONS OF THIS SUBTITLE.~~

1 ~~15-10D-04.~~

2 (A) ~~IN CONJUNCTION WITH THE APPLICATION, AN APPLICANT FOR~~
3 ~~LICENSURE AS A HEALTH SERVICES CONTRACTOR SHALL SUBMIT ADDITIONAL~~
4 ~~INFORMATION TO THE COMMISSIONER, INCLUDING:~~

5 (1) ~~A STATEMENT OF THE FINANCIAL CONDITION OF THE HEALTH~~
6 ~~SERVICES CONTRACTOR, INCLUDING:~~

7 (I) ~~SOURCES OF FINANCIAL SUPPORT;~~

8 (II) ~~A BALANCE SHEET SHOWING ASSETS, LIABILITIES, AND~~
9 ~~MINIMUM TANGIBLE NET WORTH; AND~~

10 (III) ~~ANY OTHER FINANCIAL INFORMATION THE COMMISSIONER~~
11 ~~REQUIRES FOR ADEQUATE FINANCIAL EVALUATION;~~

12 (2) ~~COPIES OF DOWNSTREAM RISK ASSUMPTION CONTRACTS PROPOSED~~
13 ~~TO BE MADE BETWEEN THE APPLICANT FOR LICENSURE AS A HEALTH SERVICES~~
14 ~~CONTRACTOR AND A HEALTH MAINTENANCE ORGANIZATION; AND~~

15 (3) ~~COPIES OF ADMINISTRATIVE SERVICE PROVIDER CONTRACTS~~
16 ~~PROPOSED TO BE MADE BETWEEN THE APPLICANT FOR LICENSURE AS A HEALTH~~
17 ~~SERVICES CONTRACTOR AND A CONTRACTING PROVIDER.~~

18 (B) ~~AN APPLICANT FOR LICENSURE AS A HEALTH SERVICES CONTRACTOR~~
19 ~~SHALL SATISFY TO THE COMMISSIONER THAT THE APPLICANT HAS A~~
20 ~~DEMONSTRATED CAPACITY TO ASSUME FINANCIAL RISK UNDER THE PROPOSED~~
21 ~~DOWNSTREAM RISK ASSUMPTION CONTRACT AND WILL MEET THE REQUIREMENTS~~
22 ~~OF THIS SUBTITLE.~~

23 ~~15-10D-05.~~

24 (A) ~~THE COMMISSIONER SHALL ESTABLISH AND ADOPT BY REGULATION:~~

25 (1) ~~MINIMUM CAPITAL AND SURPLUS REQUIREMENTS FOR LICENSED~~
26 ~~HEALTH SERVICES CONTRACTORS; AND~~

27 (2) ~~REQUIREMENTS THAT A LICENSED HEALTH SERVICES CONTRACTOR~~
28 ~~MAINTAIN AN INSOLVENCY PLAN APPROVED BY THE COMMISSIONER.~~

29 (B) (1) ~~THE COMMISSIONER SHALL ESTABLISH AND ADOPT BY REGULATION~~
30 ~~REQUIREMENTS FOR THE CREATION AND MAINTENANCE, BY THE LICENSED HEALTH~~
31 ~~SERVICES CONTRACTOR OR ON THE LICENSED HEALTH SERVICES CONTRACTOR'S~~
32 ~~BEHALF, OF A SEGREGATED FUND OR THE AVAILABILITY OF OTHER RESOURCES.~~

33 (2) ~~THE REGULATIONS SHALL:~~

34 (I) ~~REQUIRE A SUFFICIENT AMOUNT TO BE HELD IN THE~~
35 ~~SEGREGATED FUND TO SATISFY THE OBLIGATIONS OF THE LICENSED HEALTH~~

1 ~~SERVICES CONTRACTOR TO EXTERNAL PROVIDERS FOR SERVICES RENDERED TO~~
2 ~~MEMBERS OF THE HEALTH MAINTENANCE ORGANIZATION;~~

3 (II) ~~SPECIFY THE METHODOLOGY FOR DETERMINING A~~
4 ~~SUFFICIENT AMOUNT TO BE HELD IN THE SEGREGATED FUND;~~

5 (III) ~~PROVIDE THAT THE SEGREGATED FUND MAY INCLUDE~~
6 ~~WITHHELD FUNDS, ESCROW ACCOUNTS, LETTERS OF CREDIT, OR SIMILAR~~
7 ~~ARRANGEMENTS;~~

8 (IV) ~~REQUIRE AN ANNUAL REPORTING OF THE STATUS OF THE~~
9 ~~SEGREGATED FUND; AND~~

10 (V) ~~REQUIRE THAT ANY CHANGES MADE TO A DOWNSTREAM RISK~~
11 ~~ASSUMPTION CONTRACT SHALL BE REVIEWED BY THE COMMISSIONER TO~~
12 ~~DETERMINE THE SUFFICIENCY OF THE SEGREGATED FUND BASED ON THE CHANGES~~
13 ~~MADE TO THE DOWNSTREAM RISK ASSUMPTION CONTRACT.~~

14 (C) ~~UPON THE BANKRUPTCY OR INSOLVENCY OF A LICENSED HEALTH~~
15 ~~SERVICES CONTRACTOR, THE SEGREGATED FUND CREATED UNDER THE~~
16 ~~REGULATIONS REQUIRED UNDER SUBSECTION (B) OF THIS SECTION SHALL BE THE~~
17 ~~RESPONSIBILITY OF THE HEALTH MAINTENANCE ORGANIZATION AND SHALL BE~~
18 ~~USED FOR PAYMENTS OWED BY THE LICENSED HEALTH SERVICES CONTRACTOR TO~~
19 ~~EXTERNAL PROVIDERS AND MAY NOT BE CONSIDERED TO BE AN ASSET OR ACCOUNT~~
20 ~~OF THE LICENSED HEALTH SERVICES CONTRACTOR.~~

21 (D) ~~THE COMMISSIONER MAY REQUIRE THAT A HEALTH MAINTENANCE~~
22 ~~ORGANIZATION AND A LICENSED HEALTH SERVICES CONTRACTOR, PRIOR TO~~
23 ~~ENTERING INTO A DOWNSTREAM RISK ASSUMPTION CONTRACT, FILE AND RECEIVE~~
24 ~~APPROVAL FROM THE COMMISSIONER OF A PLAN THAT SATISFIES ANY OF THE~~
25 ~~REQUIREMENTS OF A PLAN TO BE FILED UNDER § 15-10D-08 OF THIS SUBTITLE.~~

26 (E) ~~A LICENSED HEALTH SERVICES CONTRACTOR SHALL COMPLY WITH THE~~
27 ~~PROVISIONS OF §§ 15-1005 AND 15-1008 OF THIS TITLE AS TO THE CLAIMS OF~~
28 ~~EXTERNAL PROVIDERS.~~

29 (F) (1) ~~UPON THE FAILURE OF A LICENSED HEALTH SERVICES~~
30 ~~CONTRACTOR TO COMPLY WITH THE REQUIREMENTS OF THIS SUBTITLE OR UPON~~
31 ~~THE TERMINATION OF THE DOWNSTREAM RISK ASSUMPTION CONTRACT FOR ANY~~
32 ~~REASON, THE HEALTH MAINTENANCE ORGANIZATION SHALL:~~

33 (I) ~~BE FINANCIALLY AND ADMINISTRATIVELY RESPONSIBLE FOR~~
34 ~~PAYMENT DUE FROM THE LICENSED HEALTH CARE SERVICES CONTRACTOR TO~~
35 ~~EXTERNAL PROVIDERS ON BEHALF OF THE LICENSED HEALTH CARE SERVICES~~
36 ~~CONTRACTOR; AND~~

37 (II) ~~MAKE ALL PAYMENTS TO EXTERNAL PROVIDERS IN~~
38 ~~ACCORDANCE WITH THE REQUIREMENTS OF § 15-1005 OF THIS TITLE.~~

1 (2) A HEALTH MAINTENANCE ORGANIZATION SHALL MEET THE
2 REQUIREMENTS OF THIS SUBSECTION, REGARDLESS OF THE EXISTENCE OF THE
3 SEGREGATED FUND OR A CONTRARY PROVISION IN A DOWNSTREAM RISK
4 ASSUMPTION CONTRACT.

5 (3) NOTHING IN PARAGRAPH (1) OR (2) OF THIS SUBSECTION MAY BE
6 CONSTRUED TO PROHIBIT A HEALTH MAINTENANCE ORGANIZATION FROM SEEKING
7 PAYMENT FROM A LICENSED HEALTH SERVICES CONTRACTOR OR FROM AMOUNTS
8 HELD IN THE SEGREGATED FUND FOR PAYMENTS MADE TO EXTERNAL PROVIDERS
9 ON BEHALF OF THE LICENSED HEALTH SERVICES CONTRACTOR.

10 (G) EXCEPT AS OTHERWISE PROVIDED BY LAW, INDIVIDUAL MEMBERS AND
11 SUBSCRIBERS OF HEALTH MAINTENANCE ORGANIZATIONS SHALL NOT BE LIABLE TO
12 A LICENSED HEALTH SERVICES CONTRACTOR FOR ANY COVERED SERVICES
13 PROVIDED TO THE ENROLLEE OR SUBSCRIBER.

14 ~~15-10D-06.~~

15 (A) UNLESS, FOR GOOD CAUSE SHOWN, THE COMMISSIONER EXTENDS THE
16 TIME FOR A REASONABLE PERIOD:

17 (1) ON OR BEFORE MARCH 1 OF EACH YEAR, EACH LICENSED HEALTH
18 SERVICES CONTRACTOR SHALL FILE WITH THE COMMISSIONER A REPORT THAT
19 SHOWS THE FINANCIAL CONDITION OF THE LICENSED HEALTH SERVICES
20 CONTRACTOR ON THE LAST DAY OF THE PRECEDING CALENDAR YEAR AND ANY
21 OTHER INFORMATION THAT THE COMMISSIONER REQUIRES BY RULE OR
22 REGULATION; AND

23 (2) ON OR BEFORE JUNE 1 OF EACH YEAR, EACH LICENSED HEALTH
24 SERVICES CONTRACTOR SHALL FILE, WITH THE COMMISSIONER AND ANY HEALTH
25 MAINTENANCE ORGANIZATIONS WITH WHICH THE LICENSED HEALTH SERVICES
26 CONTRACTOR HAS ENTERED INTO ONE OR MORE DOWNSTREAM RISK ASSUMPTION
27 CONTRACTS, AN AUDITED FINANCIAL REPORT FOR THE PRECEDING CALENDAR
28 YEAR.

29 (B) THE ANNUAL REPORT SHALL:

30 (1) BE ON THE FORMS THAT THE COMMISSIONER REQUIRES; AND

31 (2) INCLUDE A DESCRIPTION OF ANY CHANGES IN THE INFORMATION
32 SUBMITTED UNDER THIS SUBTITLE.

33 (C) THE AUDITED FINANCIAL REPORT SHALL:

34 (1) BE ON THE FORMS THAT THE COMMISSIONER REQUIRES;

35 (2) DEMONSTRATE EXISTENCE OF THE REQUIRED MINIMUM CAPITAL
36 AND SURPLUS REQUIREMENTS; AND

1 (3) ~~BE CERTIFIED BY AN AUDIT OF A CERTIFIED PUBLIC ACCOUNTING~~
2 ~~FIRM.~~

3 (D) ~~EACH FINANCIAL REPORT FILED UNDER THIS SECTION IS A PUBLIC~~
4 ~~RECORD.~~

5 (E) ~~THE COMMISSIONER MAY REQUIRE A LICENSED HEALTH SERVICES~~
6 ~~CONTRACTOR TO PROVIDE QUARTERLY CLAIMS PAYMENT REPORTS ON THE STATUS~~
7 ~~OF PAYMENTS MADE OR OWED TO PROVIDERS IN SUFFICIENT DETAIL TO~~
8 ~~DETERMINE IF THE PAYMENTS ARE BEING MADE IN COMPLIANCE WITH THE LAW.~~

9 ~~15-10D-07.~~

10 (A) ~~SUBJECT TO THIS SECTION, THE PROVISIONS OF TITLE 9, SUBTITLE 2 OF~~
11 ~~THIS ARTICLE REGARDING THE REHABILITATION AND LIQUIDATION OF INSURERS~~
12 ~~ARE APPLICABLE TO LICENSED HEALTH SERVICES CONTRACTORS.~~

13 (B) ~~THE REHABILITATION OR LIQUIDATION OF A LICENSED HEALTH~~
14 ~~SERVICES CONTRACTOR SHALL BE SUBJECT TO § 19-706.1 OF THE HEALTH-~~
15 ~~GENERAL ARTICLE AND SHALL BE CONDUCTED BY THE COMMISSIONER IN THE~~
16 ~~SAME MANNER AS REHABILITATION OR LIQUIDATION OF A HEALTH MAINTENANCE~~
17 ~~ORGANIZATION.~~

18 (C) ~~THE FOLLOWING PROVISIONS SHALL APPLY TO LICENSED HEALTH~~
19 ~~SERVICES CONTRACTORS IN THE SAME MANNER THAT THEY APPLY TO INSURERS:~~

20 (1) ~~§ 9-231 OF THIS ARTICLE REGARDING NOTICE OF IMPAIRMENT OF AN~~
21 ~~INSURER AND PROHIBITION ON CONTRIBUTION TO IMPAIRMENT OF AN INSURER;~~
22 ~~AND~~

23 (2) ~~TITLE 9, SUBTITLE 1 OF THIS ARTICLE REGARDING IMPAIRED~~
24 ~~ENTITIES.~~

25 ~~15-10D-08.~~

26 (A) ~~A HEALTH MAINTENANCE ORGANIZATION OR A LICENSED HEALTH~~
27 ~~SERVICES CONTRACTOR MAY NOT ENTER INTO AN ADMINISTRATIVE SERVICE~~
28 ~~PROVIDER CONTRACT WITH A CONTRACTING PROVIDER UNLESS:~~

29 (1) ~~THE HEALTH MAINTENANCE ORGANIZATION OR THE LICENSED~~
30 ~~HEALTH SERVICES CONTRACTOR FILES WITH THE COMMISSIONER A PLAN THAT~~
31 ~~SATISFIES THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION; AND~~

32 (2) ~~THE COMMISSIONER DOES NOT DISAPPROVE THE FILING WITHIN 30~~
33 ~~DAYS AFTER THE PLAN IS FILED.~~

34 (B) ~~THE PLAN REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL:~~

35 (1) ~~REQUIRE THE CONTRACTING PROVIDER TO PROVIDE THE HEALTH~~
36 ~~MAINTENANCE ORGANIZATION OR THE LICENSED HEALTH SERVICES CONTRACTOR~~

1 WITH REGULAR REPORTS, AT LEAST QUARTERLY, THAT IDENTIFY PAYMENTS MADE
2 OR OWED TO EXTERNAL PROVIDERS IN SUFFICIENT DETAIL TO DETERMINE IF THE
3 PAYMENTS ARE BEING MADE IN COMPLIANCE WITH LAW;

4 (2) REQUIRE THE CONTRACTING PROVIDER TO PROVIDE TO THE
5 HEALTH MAINTENANCE ORGANIZATION OR THE LICENSED HEALTH SERVICES
6 CONTRACTOR A CURRENT ANNUAL FINANCIAL STATEMENT OF THE CONTRACTING
7 PROVIDER EACH YEAR;

8 (3) REQUIRE THE CREATION AND MAINTENANCE BY THE CONTRACTING
9 PROVIDER, OR ON THE CONTRACTING PROVIDER'S BEHALF, OF A SEGREGATED FUND
10 IN COMPLIANCE WITH THE REGULATIONS ADOPTED BY THE COMMISSIONER;

11 (4) REQUIRE AN EXPLANATION OF HOW THE FUND OR RESOURCES
12 REQUIRED UNDER ITEM (3) OF THIS SUBSECTION CREATE FUNDS OR OTHER
13 RESOURCES SUFFICIENT TO SATISFY THE CONTRACTING PROVIDER'S OBLIGATIONS
14 TO EXTERNAL PROVIDERS FOR SERVICES RENDERED TO MEMBERS OF THE HEALTH
15 MAINTENANCE ORGANIZATION;

16 (5) REQUIRE THE CONTRACTING PROVIDER TO COMPLY WITH THE
17 PROVISIONS OF §§ 15-1005 AND 15-1008 OF THIS TITLE; AND

18 (6) PERMIT THE HEALTH MAINTENANCE ORGANIZATION OR LICENSED
19 HEALTH SERVICES CONTRACTOR, AT MUTUALLY AGREED UPON TIMES AND UPON
20 REASONABLE PRIOR NOTICE, TO AUDIT AND INSPECT THE CONTRACTING
21 PROVIDER'S BOOKS, RECORDS, AND OPERATIONS RELEVANT TO THE PROVIDER'S
22 CONTRACT FOR THE PURPOSE OF DETERMINING THE CONTRACTING PROVIDER'S
23 COMPLIANCE WITH THE PLAN.

24 (C) THE COMMISSIONER SHALL ADOPT REGULATIONS THAT:

25 (1) REQUIRE THE SEGREGATED FUND TO CONTAIN A SUFFICIENT
26 AMOUNT TO SATISFY THE OBLIGATIONS OF THE CONTRACTING PROVIDER TO
27 EXTERNAL PROVIDERS FOR SERVICES RENDERED TO MEMBERS OF THE HEALTH
28 MAINTENANCE ORGANIZATION;

29 (2) SPECIFY THE METHODOLOGY FOR DETERMINING A SUFFICIENT
30 AMOUNT TO BE HELD IN THE SEGREGATED FUND;

31 (3) PROVIDE THAT THE SEGREGATED FUND MAY INCLUDE WITHHELD
32 FUNDS, ESCROW ACCOUNTS, LETTERS OF CREDIT, OR SIMILAR ARRANGEMENTS;

33 (4) REQUIRE AN ANNUAL REPORTING OF THE STATUS OF THE
34 SEGREGATED FUND; AND

35 (5) REQUIRE THAT ANY CHANGES MADE TO AN ADMINISTRATIVE
36 SERVICES PROVIDER CONTRACT SHALL BE REVIEWED BY THE COMMISSIONER TO
37 DETERMINE THE SUFFICIENCY OF THE SEGREGATED FUND BASED ON THE CHANGES
38 MADE TO THE ADMINISTRATIVE SERVICES PROVIDER CONTRACT.

1 (D) UPON THE BANKRUPTCY OR INSOLVENCY OF A CONTRACTING PROVIDER,
2 THE SEGREGATED FUND CREATED UNDER THE REGULATIONS REQUIRED UNDER
3 SUBSECTION (C) OF THIS SECTION SHALL BE THE RESPONSIBILITY OF THE HEALTH
4 MAINTENANCE ORGANIZATION OR THE LICENSED HEALTH SERVICES CONTRACTOR
5 AND SHALL BE USED FOR PAYMENTS OWED BY THE CONTRACTING PROVIDER TO
6 EXTERNAL PROVIDERS AND MAY NOT BE CONSIDERED TO BE AN ASSET OR ACCOUNT
7 OF THE CONTRACTING PROVIDER.

8 (E) THE HEALTH MAINTENANCE ORGANIZATION OR THE LICENSED HEALTH
9 SERVICES CONTRACTOR AND THE CONTRACTING PROVIDER SHALL COMPLY WITH
10 THE PLAN.

11 (F) THE HEALTH MAINTENANCE ORGANIZATION OR THE LICENSED HEALTH
12 SERVICES CONTRACTOR SHALL MONITOR THE CONTRACTING PROVIDER TO ASSURE
13 COMPLIANCE WITH THE PLAN, AND THE HEALTH MAINTENANCE ORGANIZATION OR
14 THE LICENSED HEALTH SERVICES CONTRACTOR SHALL NOTIFY THE CONTRACTING
15 PROVIDER WHENEVER A FAILURE TO COMPLY WITH THE PLAN OCCURS.

16 (G) (1) UPON THE FAILURE OF A CONTRACTING PROVIDER TO COMPLY
17 WITH THE PLAN FOLLOWING A NOTICE OF NONCOMPLIANCE, OR UPON A
18 TERMINATION OF THE ADMINISTRATIVE SERVICE PROVIDER CONTRACT FOR ANY
19 REASON, THE HEALTH MAINTENANCE ORGANIZATION OR LICENSED HEALTH
20 SERVICES CONTRACTOR SHALL:

21 (1) BE FINANCIALLY AND ADMINISTRATIVELY RESPONSIBLE FOR
22 PAYMENT DUE FROM THE CONTRACTING PROVIDER TO EXTERNAL PROVIDERS ON
23 BEHALF OF THE CONTRACTING PROVIDER; AND

24 (II) MAKE ALL PAYMENTS TO EXTERNAL PROVIDERS IN
25 ACCORDANCE WITH THE REQUIREMENTS OF § 15-1005 OF THIS TITLE.

26 (2) A HEALTH MAINTENANCE ORGANIZATION OR LICENSED HEALTH
27 SERVICES CONTRACTOR SHALL MEET THE REQUIREMENTS OF PARAGRAPH (1) OF
28 THIS SUBSECTION, REGARDLESS OF THE EXISTENCE OF THE SEGREGATED FUND OR
29 A CONTRARY PROVISION IN AN ADMINISTRATIVE SERVICE PROVIDER CONTRACT.

30 (3) NOTHING IN PARAGRAPH (1) OR PARAGRAPH (2) OF THIS SUBSECTION
31 MAY BE CONSTRUED TO PROHIBIT A HEALTH MAINTENANCE ORGANIZATION OR
32 LICENSED HEALTH SERVICES CONTRACTOR FROM SEEKING PAYMENT FROM THE
33 CONTRACTING PROVIDER OR FROM AMOUNTS HELD IN THE SEGREGATED FUND IN
34 ACCORDANCE WITH THIS SECTION FOR PAYMENTS MADE TO EXTERNAL PROVIDERS
35 ON BEHALF OF THE CONTRACTING PROVIDER.

36 (4) UPON THE FAILURE OF THE LICENSED HEALTH SERVICES
37 CONTRACTOR TO ACCEPT FINANCIAL AND ADMINISTRATIVE RESPONSIBILITY FOR
38 PAYMENT DUE TO EXTERNAL PROVIDERS ON BEHALF OF THE CONTRACTING
39 PROVIDER IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION, THE
40 HEALTH MAINTENANCE ORGANIZATION THAT HAS ENTERED INTO A DOWNSTREAM
41 RISK CONTRACT WITH THE LICENSED HEALTH CARE PROVIDER SHALL:

1 (I) BE FINANCIALLY AND ADMINISTRATIVELY RESPONSIBLE FOR
2 PAYMENT DUE FROM THE CONTRACTING PROVIDER TO EXTERNAL PROVIDERS ON
3 BEHALF OF THE CONTRACTING PROVIDER; AND

4 (II) MAKE ALL PAYMENTS TO EXTERNAL PROVIDERS IN
5 ACCORDANCE WITH THE REQUIREMENTS OF § 15-1005 OF THIS TITLE.

6 (5) A HEALTH MAINTENANCE ORGANIZATION SHALL MEET THE
7 REQUIREMENTS OF PARAGRAPH (4) OF THIS SUBSECTION, REGARDLESS OF THE
8 EXISTENCE OF THE SEGREGATED FUND OR A CONTRARY PROVISION IN A
9 DOWNSTREAM RISK ASSUMPTION CONTRACT OR AN ADMINISTRATIVE SERVICE
10 PROVIDER CONTRACT.

11 (6) NOTHING IN PARAGRAPH (4) OR PARAGRAPH (5) OF THIS SUBSECTION
12 MAY BE CONSTRUED TO PROHIBIT A HEALTH MAINTENANCE ORGANIZATION FROM
13 SEEKING PAYMENT FROM THE CONTRACTING PROVIDER, THE LICENSED HEALTH
14 SERVICES CONTRACTOR, OR FROM AMOUNTS HELD IN THE SEGREGATED FUND IN
15 ACCORDANCE WITH THIS SUBTITLE FOR PAYMENTS MADE TO EXTERNAL PROVIDERS
16 ON BEHALF OF THE CONTRACTING PROVIDER.

17 (H) THE PLAN AND ALL SUPPORTING DOCUMENTATION SUBMITTED IN
18 CONNECTION WITH THE PLAN SHALL BE TREATED AS CONFIDENTIAL AND
19 PROPRIETARY, AND MAY NOT BE DISCLOSED EXCEPT AS OTHERWISE REQUIRED BY
20 LAW.

21 15-10D-09.

22 (A) THE LICENSE OF A LICENSED HEALTH SERVICES PROVIDER EXPIRES ON
23 THE SECOND ANNIVERSARY OF ITS EFFECTIVE DATE UNLESS THE LICENSE IS
24 RENEWED FOR A 2-YEAR TERM AS PROVIDED IN THIS SECTION.

25 (B) BEFORE THE LICENSE EXPIRES, A LICENSE MAY BE RENEWED FOR AN
26 ADDITIONAL 2-YEAR TERM IF THE APPLICANT:

27 (1) OTHERWISE IS ENTITLED TO THE LICENSE;

28 (2) PAYS TO THE COMMISSIONER THE RENEWAL FEE SET BY THE
29 COMMISSIONER THROUGH REGULATION; AND

30 (3) SUBMITS TO THE COMMISSIONER:

31 (I) A RENEWAL APPLICATION ON THE FORM THAT THE
32 COMMISSIONER REQUIRES; AND

33 (II) SATISFACTORY EVIDENCE OF COMPLIANCE WITH ANY
34 REQUIREMENT UNDER THIS SUBTITLE FOR LICENSE RENEWAL.

35 (C) IF THE REQUIREMENTS OF THIS SECTION ARE MET, THE COMMISSIONER
36 SHALL RENEW A LICENSE.

1 ~~15-10D-10.~~

2 (A) ~~A LICENSED HEALTH SERVICES CONTRACTOR MAY NOT:~~

3 (1) ~~VIOLATE ANY PROVISION OF THIS SUBTITLE OR ANY REGULATION~~
4 ~~ADOPTED UNDER IT;~~

5 (2) ~~FAIL TO FULFILL ITS OBLIGATIONS TO PROVIDE THE HEALTH CARE~~
6 ~~SERVICES SPECIFIED IN ITS CONTRACTS WITH HEALTH MAINTENANCE~~
7 ~~ORGANIZATIONS OR LICENSED HEALTH SERVICES CONTRACTORS;~~

8 (3) ~~MAKE ANY FALSE STATEMENT WITH RESPECT TO ANY REPORT OR~~
9 ~~STATEMENT REQUIRED BY THIS SUBTITLE OR BY THE COMMISSIONER UNDER THIS~~
10 ~~SUBTITLE;~~

11 (4) ~~PREVENT OR ATTEMPT TO PREVENT THE COMMISSIONER OR~~
12 ~~SECRETARY OF HEALTH AND MENTAL HYGIENE FROM PERFORMING ANY DUTY~~
13 ~~IMPOSED BY THIS SUBTITLE; OR~~

14 (5) ~~VIOLATE ANY APPLICABLE PROVISION OF § 9-231 OF THIS ARTICLE.~~

15 (B) ~~IF A LICENSED HEALTH SERVICES CONTRACTOR VIOLATES THIS SECTION,~~
16 ~~THE COMMISSIONER MAY PURSUE ANY ONE OR MORE OF THE COURSES OF ACTION~~
17 ~~DESCRIBED IN § 15-10D-11 OF THIS SUBTITLE.~~

18 ~~15-10D-11.~~

19 (A) ~~IF ANY PERSON VIOLATES ANY PROVISION OF § 15-10D-10 OF THIS~~
20 ~~SUBTITLE, THE COMMISSIONER MAY:~~

21 (1) ~~ISSUE AN ADMINISTRATIVE ORDER THAT REQUIRES THE LICENSED~~
22 ~~HEALTH SERVICES CONTRACTOR TO:~~

23 (I) ~~CEASE INAPPROPRIATE CONDUCT OR PRACTICES BY IT OR ANY~~
24 ~~OF THE PERSONNEL EMPLOYED OR ASSOCIATED WITH IT;~~

25 (II) ~~FULFILL ITS CONTRACTUAL OBLIGATIONS;~~

26 (III) ~~PROVIDE A SERVICE THAT HAS BEEN DENIED IMPROPERLY;~~

27 (IV) ~~TAKE APPROPRIATE STEPS TO RESTORE ITS ABILITY TO~~
28 ~~PROVIDE A SERVICE THAT IS PROVIDED UNDER A CONTRACT;~~

29 (2) ~~IMPOSE A PENALTY OF NOT MORE THAN \$125,000 FOR EACH~~
30 ~~VIOLATION;~~

31 (3) ~~SUSPEND, REVOKE, OR REFUSE TO RENEW THE LICENSE OF A~~
32 ~~LICENSED HEALTH SERVICES CONTRACTOR; OR~~

33 (4) ~~APPLY TO ANY COURT FOR LEGAL OR EQUITABLE RELIEF~~
34 ~~CONSIDERED APPROPRIATE BY THE COMMISSIONER.~~

1 (B) IF THE COMMISSIONER ISSUES AN ORDER OR IMPOSES ANY PENALTY
2 UNDER THIS SECTION, THE COMMISSIONER IMMEDIATELY SHALL PROVIDE WRITTEN
3 NOTICE OF THE ORDER OR PENALTY TO THE SECRETARY OF HEALTH AND MENTAL
4 HYGIENE.

5 ~~SECTION 3. AND BE IT FURTHER ENACTED, That, on or before January 1,~~
6 ~~2002, the Insurance Commissioner, after reviewing the information obtained from~~
7 ~~registrants under § 19-713.3 of the Insurance Article, as enacted by Section 2 of this~~
8 ~~Act, shall submit a report to the Governor and the General Assembly, in accordance~~
9 ~~with § 2-1246 of the State Government Article, on the Commissioner's~~
10 ~~recommendations as to whether, and to what extent, contracting providers should be~~
11 ~~subject to additional regulation for the protection of health care providers and~~
12 ~~consumers. The report shall include recommendations relating to licensing standards,~~
13 ~~solveney requirements, and the application of State receivership laws.~~

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act applies to an
15 administrative service provider contract entered into on or after June 1, 2000. An
16 administrative service provider contract in effect before June 1, 2000 shall comply with
17 the provisions of this Act no later than January 1, 2001.

18 SECTION ~~2-4~~ AND BE IT FURTHER ENACTED, That this Act shall take
19 effect ~~July~~ June 1, 2000.