

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulation  
Department of Health and Mental Hygiene  
(DLS Control No. 15-318)**

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**Overview and Legal and Fiscal Impact**

The regulation repeals a provision that authorizes a federally approved professional standards review organization to conduct a required annual external review of a health maintenance organization (HMO) and exempts from external review an HMO that is accredited by an accreditation organization approved by the Secretary of Health and Mental Hygiene.

The regulation presents no legal issues of concern.

There is no fiscal impact on State or local agencies.

**Regulation of COMAR Affected**

**Department of Health and Mental Hygiene:**

Hospitals: Health Maintenance Organizations: COMAR 10.07.11.04

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**Legal Analysis**

**Background**

In the fall of 2013, the Office of Health Care Quality (OHCQ), at the request of the Secretary of Health and Mental Hygiene, conducted a review of survey frequency to determine if any statutory changes could be made to survey requirements for health care facilities and HMOs. The review considered a variety of factors, including the type of individuals served; the type and complexity of services provided; the risks, benefits, and burdens of treatments and interventions; the probability of negative outcomes; staffing; the types of licensed, certified, and trained individuals available on location and off-site; redundant systems for patient safety; accreditation requirements; federal requirements for the provider type; the survey history and current status of provider type; and the anticipated trends for the provider type.

Based on the review, OHCQ recommended a change to § 19-705.1 of the Health – General Article, which requires the Department of Health and Mental Hygiene to conduct an annual external review of the quality of the health services of an HMO. OHCQ recommended that if an HMO is accredited, the department would not need to conduct a survey of the HMO since the accreditation organization would conduct the review. Chapter 41 of 2015 implemented this recommendation by exempting an HMO from external review when the HMO is accredited by an

accreditation organization approved by the Secretary. The Act also altered a requirement that the department conduct an annual external review by repealing a provision that provided for a review by a federally approved professional standards organization. The review must be conducted by certain panel of physicians and other health professionals or by the department.

At the time the legislation passed, all seven HMOs operating in the State were reviewed by a federally approved professional standards review organization. According to OHCQ, the standards for a federally approved professional standards review organization are less stringent than the standards for an accreditation organization approved by the Secretary.

## **Summary of Regulation**

The regulation alters a requirement that an HMO undergo an external review by repealing a provision providing for a review by a federally approved professional standards organization. The regulation also exempts from the annual external review requirement an HMO that is accredited by an accreditation organization approved by the Secretary in accordance with specified provisions of law.

## **Legal Issues**

The regulation presents no legal issues of concern.

## **Statutory Authority and Legislative Intent**

The department cites §§ 19-701 through 19-735 of the Health – General Article and § 2-109(a) through (c) of the Insurance Article as statutory authority for the regulation. More specifically, § 19-705 of the Health – General Article authorizes the Secretary to adopt regulations for the quality of health care services provided by HMOs through its benefit packages. Moreover, § 19-705.1(a) requires the Secretary to adopt regulations that set out reasonable standards of quality of care that a HMO must provide to its members. As noted above, § 19-705.1(f) requires the department to conduct an annual external review of the quality of the health services of an HMO, but exempts from the review an HMO accredited by an accreditation organization approved by the Secretary in accordance with specified provisions of law. The remaining cited authority is not relevant to these regulations.

The relevant cited authority is correct and complete. The regulation complies with the legislative intent of the law.

## **Fiscal Analysis**

There is no fiscal impact on State or local agencies.

## **Agency Estimate of Projected Fiscal Impact**

The regulation makes procedural changes regarding the external review of health maintenance organizations. The department advises that the regulation has no impact on State or local governments. The Department of Legislative Services concurs.

## **Impact on Budget**

There is no impact on the State operating or capital budget.

## **Agency Estimate of Projected Small Business Impact**

The department advises that the regulation has minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

## **Contact Information**

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