Unofficial Copy **1996 Regular Session**
SB0519/147931/1

BY: Finance Committee

AMENDMENTS TO SENATE BILL NO. 519
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 9, after "Act" insert ", including actuarial soundness requirements, hold harmless provisions, marketing provisions, and rate filing and contract provisions".

On page 2, in line 2, strike "19-1820" and substitute "19-1825".

AMENDMENT NO. 2

On page 3, in line 30, strike the colon; in line 31, strike "(I)"; strike beginning with "OR" in line 32 down through "NEEDS;" in line 34.

On page 4, after line 16, insert:

"(III) AUDIOLOGIC CARE AND SERVICES;";

in lines 17, 18, 19, 20, 21, 22, and 23, strike "(III)", "(IV)", "(V)", "(VI)", "(VII)", "(VIII)", and "(IX)", respectively, and substitute "(IV)", "(V)", "(VI)", "(VII)", "(VIII)", "(IX)", and "(X)", respectively; after line 23, insert:

"(XI) HOSPICE SERVICES;";

in lines 24 and 25, strike "(X)" and "(XI)", respectively, and substitute "(XII)" and "(XIII)", respectively; after line 26, insert:

"(XIV) MARRIAGE AND FAMILY THERAPY;";

in line 27, strike "(XII)" and substitute "(XV)"; after line 27, insert "(XVI) MEDICAL NUTRITION THERAPY;"; and in lines 28, 29, 30, 31, 32, and 33, strike "(XIII)", "(XIV)", "(XV)", "(XVI)",

(Over)

"(XVII)", and "(XVIII)", respectively, and substitute "(XVII)", "(XVIII)", "(XIX)", "(XX)", "(XXI)", "(XXII)", respectively.

On page 5, in lines 1, 2, 3, 4, 5, 6, and 7, strike "(XIX)", "(XX)", "(XXI)", "(XXII)", "(XXIII)", "(XXIV)", and "(XXV)", respectively, and substitute "(XXIII)", "(XXIV)", "(XXV)", "(XXVI)", "(XXVII)", "(XXVIII)", and "(XXIX)", respectively; after line 7, insert:

"(XXX) SPEECH PATHOLOGY SERVICES;";

in lines 8, 9, and 10, strike "(XXVI)", "(XXVII)", and "(XXVIII)", respectively, and substitute "(XXXI)", "(XXXII)", and "(XXXIII)", respectively; and in line 25, strike "THE STATE" and substitute "A GOVERNMENTAL ENTITY".

On page 6, after line 3, insert:

"(3) ENCOURAGE THE FORMATION OF COMMUNITY HEALTH NETWORKS THAT INCLUDE HEALTH CARE PROVIDERS THAT HAVE HISTORICALLY PROVIDED HEALTH CARE SERVICES IN THE COMMUNITY;";

in lines 4 and 10, strike "(3)" and "(4)", respectively, and substitute "(4)" and "(5)", respectively; in line 18, after "THAT" insert ":

(1) IS CONTRACTING DIRECTLY WITH A PURCHASER UNDER A FEE FOR SERVICE OR OTHER NONRISK BEARING ARRANGEMENT; OR

(2)";

in line 19, after "DIRECTLY" insert "UNDER A CAPITATED OR OTHER RISK-SHARING ARRANGEMENT"; in lines 19 and 20, in each instance, strike "THE STATE" and substitute "A GOVERNMENTAL ENTITY"; and strike beginning with "AND" in line 21 down through "ENTITY" in line 22.

On pages 6 and 7, strike in their entirety the lines beginning with line 32 on page 6 through line 3 on page 7.

On page 7, in line 4, strike "(2)" and substitute:

"(B) (1) A COMMUNITY HEALTH NETWORK MAY";

in the same line, after "PROVIDE" insert "A FULL RANGE OF INTEGRATED"; after line 8, insert:

"(2) A COMMUNITY HEALTH NETWORK IS SUBJECT TO ARTICLE 48A, § 699(B) OF THE CODE.";

and in line 23, after "DEPARTMENTS," insert "HEALTH CARE PROVIDERS THAT HAVE HISTORICALLY PROVIDED HEALTH CARE SERVICES WITHIN THE COMMUNITY,".

On page 13, strike beginning with "IF" in line 16 down through "AND" in line 17; in line 21, after "SUBTITLE;" insert "OR"; strike beginning with "; OR" in line 23 down through "SUBTITLE" in line 25; in line 28, strike "IF THE APPLICANT" and substitute a colon; in line 29, strike "IS CONTRACTING DIRECTLY WITH PURCHASERS AND"; in line 30, strike "IT" and substitute "THE APPLICANT"; in line 31, after "(2)" insert "WHETHER THE APPLICANT"; in line 33, after "(3)" insert "WHETHER THE APPLICANT"; and in line 38, after "REQUIREMENTS;" insert "OR".

On page 14, strike beginning with "; OR" in line 2 down through "SUBTITLE" in line 4.
AMENDMENT NO. 3
On page 15, after line 13, insert:

"19-1815.

(A) (1) A COMMUNITY HEALTH NETWORK SHALL BE ACTUARIALLY SOUND.

(2) THE SURPLUS THAT THE COMMUNITY HEALTH NETWORK IS REQUIRED TO HAVE SHALL BE PAID IN FULL.

(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE COMMISSIONER SHALL REQUIRE A COMMUNITY HEALTH NETWORK TO MAINTAIN A SURPLUS APPROPRIATE FOR THE LEVEL OF RISK THAT THE COMMUNITY HEALTH NETWORK UNDERTAKES OR PROPOSES TO UNDERTAKE.

(2) (I) THE SURPLUS REQUIRED UNDER THIS SUBSECTION SHALL

EXCEED THE LIABILITIES OF THE COMMUNITY HEALTH NETWORK BY AT LEAST $500,000.

(II) THE COMMISSIONER MAY NOT REQUIRE A COMMUNITY HEALTH NETWORK TO MAINTAIN A SURPLUS IN EXCESS OF A VALUE OF $3,000,000.

(C) (1) FOR THE PROTECTION OF THE COMMUNITY HEALTH NETWORK'S ENROLLEES AND CREDITORS, THE APPLICANT SHALL DEPOSIT AND MAINTAIN IN TRUST WITH THE STATE TREASURER $100,000 IN CASH OR GOVERNMENT SECURITIES OF THE TYPE DESCRIBED IN ARTICLE 48A, § 110 OF THE CODE.

(2) (I) THE DEPOSITS SHALL BE ACCEPTED AND HELD IN TRUST BY THE STATE TREASURER IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 48A, §§ 108 THROUGH 118 OF THE CODE.

(II) FOR THE PURPOSE OF APPLYING THIS PARAGRAPH, A COMMUNITY HEALTH NETWORK SHALL BE TREATED AS AN INSURER.

(D) THE PROCEDURES FOR OFFERING HEALTH CARE SERVICES AND OFFERING AND TERMINATING CONTRACTS TO ENROLLEES MAY NOT DISCRIMINATE UNFAIRLY ON THE BASIS OF AGE, SEX, RACE, HEALTH, OR ECONOMIC STATUS. THIS REQUIREMENT DOES NOT PROHIBIT:

(1) REASONABLE UNDERWRITING CLASSIFICATIONS FOR ESTABLISHING CONTRACT RATES; OR

(2) EXPERIENCE RATING.

(E) (1) THE TERMS OF THE AGREEMENTS BETWEEN A COMMUNITY HEALTH NETWORK AND PROVIDERS OF HEALTH CARE SERVICES SHALL CONTAIN A "HOLD HARMLESS" CLAUSE.

(2) THE HOLD HARMLESS CLAUSE SHALL PROVIDE THAT THE HEALTH CARE PROVIDER MAY NOT, UNDER ANY CIRCUMSTANCES, INCLUDING

NONPAYMENT OF MONEYS DUE THE PROVIDERS BY THE COMMUNITY HEALTH NETWORK, INSOLVENCY OF THE COMMUNITY HEALTH NETWORK, OR BREACH OF THE PROVIDER CONTRACT, BILL, CHARGE, COLLECT A DEPOSIT, SEEK COMPENSATION, REMUNERATION, OR REIMBURSEMENT FROM, OR HAVE ANY RECOURSE AGAINST THE ENROLLEE, PATIENT, OR ANY PERSONS OTHER THAN THE COMMUNITY HEALTH NETWORK ACTING ON THEIR BEHALF, FOR HEALTH CARE SERVICES PROVIDED IN ACCORDANCE WITH THE PROVIDER CONTRACT.

(3) COLLECTION FROM THE ENROLLEE OF COPAYMENTS OR SUPPLEMENTAL CHARGES IN ACCORDANCE WITH THE TERMS OF THE ENROLLEE'S CONTRACT WITH THE COMMUNITY HEALTH NETWORK, OR CHARGES FOR HEALTH CARE SERVICES NOT COVERED UNDER THE ENROLLEE'S CONTRACT, MAY BE EXCLUDED FROM THE HOLD HARMLESS CLAUSE.

(4) EACH PROVIDER CONTRACT SHALL STATE THAT THE HOLD HARMLESS CLAUSE WILL SURVIVE THE TERMINATION OF THE PROVIDER CONTRACT, REGARDLESS OF THE CAUSE OF TERMINATION.

(F) THE COMMUNITY HEALTH NETWORK SHALL PROVIDE EVIDENCE OF ADEQUATE INSURANCE COVERAGE OR AN ADEQUATE PLAN FOR SELF-INSURANCE TO SATISFY CLAIMS FOR INJURIES THAT MAY OCCUR FROM PROVIDING HEALTH CARE SERVICES.

(G) (1) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, AN ENROLLEE OF A COMMUNITY HEALTH NETWORK LICENSED UNDER THIS SUBTITLE MAY NOT BE LIABLE TO A HEALTH CARE PROVIDER FOR A COVERED HEALTH CARE SERVICE PROVIDED TO THE ENROLLEE.

(2) (I) A HEALTH CARE PROVIDER OR A REPRESENTATIVE OF A HEALTH CARE PROVIDER MAY NOT COLLECT OR ATTEMPT TO COLLECT FROM AN ENROLLEE MONEY OWED TO THE HEALTH CARE PROVIDER BY A COMMUNITY HEALTH NETWORK LICENSED UNDER THIS SUBTITLE.

(II) A HEALTH CARE PROVIDER OR A REPRESENTATIVE OF A HEALTH CARE PROVIDER MAY NOT MAINTAIN AN ACTION AGAINST AN ENROLLEE TO COLLECT OR ATTEMPT TO COLLECT MONEY OWED TO THE HEALTH CARE PROVIDER BY A COMMUNITY HEALTH NETWORK LICENSED UNDER THIS SUBTITLE.

(3) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBSECTION, A HEALTH CARE PROVIDER OR REPRESENTATIVE OF A HEALTH CARE PROVIDER MAY COLLECT OR ATTEMPT TO COLLECT FROM AN ENROLLEE:

(I) COPAYMENT OR COINSURANCE SUMS OWED BY THE ENROLLEE TO A COMMUNITY HEALTH NETWORK LICENSED UNDER THIS SUBTITLE FOR COVERED HEALTH CARE SERVICES PROVIDED BY THE HEALTH CARE PROVIDER; OR

(II) PAYMENT OR CHARGES FOR HEALTH CARE SERVICES NOT COVERED UNDER THE ENROLLEE'S CONTRACT.

(H)(1) THE COMMISSIONER SHALL REQUIRE EACH COMMUNITY HEALTH NETWORK TO HAVE AN INSOLVENCY PLAN THAT PROVIDES FOR:

(I) CONTINUATION OF BENEFITS TO ENROLLEES FOR THE DURATION OF THE CONTRACT PERIOD FOR WHICH PREMIUMS HAVE BEEN PAID; AND

(II) CONTINUATION OF BENEFITS TO ENROLLEES WHO ARE ADMITTED TO AN INPATIENT HEALTH CARE FACILITY ON THE DATE OF INSOLVENCY UNTIL THE EARLIER OF:

1. THE DISCHARGE OF THE ENROLLEE FROM THE INPATIENT HEALTH CARE FACILITY; OR

2. 365 DAYS.

(2) IN DETERMINING THE ADEQUACY OF AN INSOLVENCY PLAN, THE COMMISSIONER MAY CONSIDER:

(I) THE EXISTENCE OF INSURANCE TO COVER EXPENSES INCURRED IN CONTINUING BENEFITS AFTER AN INSOLVENCY;

(II) PROVISIONS IN PROVIDER CONTRACTS OBLIGATING PROVIDERS TO CONTINUE TO PROVIDE HEALTH CARE SERVICES TO ENROLLEES:

1. FOR THE DURATION OF THE CONTRACT PERIOD FOR WHICH PREMIUMS HAVE BEEN MADE; AND

2. IF ADMITTED TO AN INPATIENT HEALTH CARE FACILITY, UNTIL THE ENROLLEE IS DISCHARGED OR 365 DAYS, WHICHEVER OCCURS FIRST;

(III) RESERVES;

(IV) LETTERS OF CREDIT;

(V) GUARANTEES; OR

(VI) ANY OTHER ARRANGEMENT TO ASSURE THAT BENEFITS ARE CONTINUED IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH (1) OF THIS SUBSECTION.

(I) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, A HOSPITAL EMERGENCY FACILITY MAY COLLECT OR ATTEMPT TO COLLECT PAYMENT FROM AN ENROLLEE FOR HEALTH CARE SERVICES PROVIDED TO THAT ENROLLEE FOR A MEDICAL CONDITION THAT IS DETERMINED NOT TO BE AN EMERGENCY AS DEFINED IN § 19-701(D) OF THIS TITLE.".

On page 13, in line 21, before "REGULATIONS" insert "§ 19-1815 OF THIS SUBTITLE AND"; and in line 26, after "DETERMINING" insert ", UNDER § 19-1815 OF THIS SUBTITLE,".

On page 16, in line 4 before "REQUIREMENTS" insert "SUBJECT TO § 19-1815 OF THIS SUBTITLE,".

AMENDMENT NO. 4

On page 15, before line 14, insert:

"19-1816.

(A) EACH COMMUNITY HEALTH NETWORK SHALL FILE WITH THE COMMISSIONER, BEFORE THEY BECOME EFFECTIVE:

(1) ALL RATES THAT THE COMMUNITY HEALTH NETWORK CHARGES ENROLLEES OR GROUPS OF ENROLLEES; AND

(2) THE FORM AND CONTENT OF EACH CONTRACT BETWEEN THE COMMUNITY HEALTH NETWORK AND ITS ENROLLEES OR GROUPS OF ENROLLEES.

(B) RATES OF A COMMUNITY HEALTH NETWORK MAY NOT BE EXCESSIVE, INADEQUATE, OR UNFAIRLY DISCRIMINATORY IN RELATION TO THE SERVICES OFFERED.

(C) (1) IF, AT ANY TIME, A COMMUNITY HEALTH NETWORK WISHES TO AMEND A CONTRACT WITH ITS ENROLLEES OR CHANGE A RATE CHARGED, THE COMMUNITY HEALTH NETWORK SHALL FILE WITH THE COMMISSIONER THE NUMBER OF COPIES OF THE AMENDMENT OR RATE CHANGE THAT THE COMMISSIONER REQUIRES.

(2) THE COMMISSIONER SHALL PROVIDE THE DEPARTMENT WITH THE NUMBER OF COPIES IT REQUIRES.

(D) UNLESS THE COMMISSIONER DISAPPROVES A FILING UNDER THIS SECTION, THE FILING BECOMES EFFECTIVE 60 DAYS AFTER THE OFFICE OF THE COMMISSIONER RECEIVES THE FILING OR ON ANOTHER DATE THAT THE COMMISSIONER SETS.

19-1817.

EACH MARKETING DOCUMENT THAT SETS FORTH THE HEALTH CARE SERVICES OF A COMMUNITY HEALTH NETWORK SHALL DESCRIBE FULLY AND CLEARLY:

(1) THE HEALTH CARE SERVICES UNDER EACH BENEFIT PACKAGE AND EVERY OTHER BENEFIT TO WHICH AN ENROLLEE IS ENTITLED;

(2) WHERE AND HOW HEALTH CARE SERVICES MAY BE OBTAINED;

(3) EACH EXCLUSION OR LIMITATION ON ANY HEALTH CARE SERVICE OR OTHER BENEFIT THAT IT PROVIDES;

(4) EACH DEDUCTIBLE FEATURE;

(5) EACH COPAYMENT PROVISION; AND

(6) ALL INFORMATION REQUIRED BY ARTICLE 48A, § 703(C) OF THE CODE.

19-1818.

(A) THE COMMISSIONER OR AN AGENT OF THE COMMISSIONER SHALL EXAMINE THE FINANCIAL AFFAIRS AND STATUS OF EACH COMMUNITY HEALTH NETWORK AT LEAST ONCE EVERY 3 YEARS.

(B) (1) IN AN EXAMINATION UNDER SUBSECTION (A) OF THIS SECTION, THE OFFICERS AND EMPLOYEES OF THE COMMUNITY HEALTH NETWORK SHALL:

(I) COOPERATE WITH AND HELP THE COMMISSIONER AND ITS AGENTS; AND

(II) GIVE THEM CONVENIENT ACCESS TO ALL BOOKS, RECORDS, PAPERS, AND DOCUMENTS THAT RELATE TO THE BUSINESS OF THE COMMUNITY HEALTH NETWORK, INCLUDING FINANCIAL RECORDS OF HEALTH CARE PROVIDERS THAT PROVIDE HEALTH CARE SERVICES UNDER CONTRACT.

(2) (I) THE COMMISSIONER MAY EMPLOY EXPERTS, NOT OTHERWISE A PART OF THE STAFF OF THE COMMISSIONER, TO CONDUCT AN EXAMINATION MADE UNDER THIS SECTION AT THE EXPENSE OF THE COMMUNITY HEALTH NETWORK.

(II) AN EXPERT EMPLOYED UNDER THIS PARAGRAPH MAY REWRITE, POST, OR BALANCE THE ACCOUNTS OF A COMMUNITY HEALTH NETWORK BEING EXAMINED.

(C) THE COMMISSIONER MAY EXAMINE UNDER OATH ANY OFFICER, AGENT, EMPLOYEE, OR ENROLLEE OF THE COMMUNITY HEALTH NETWORK, OR ANY OTHER PERSON WHO HAS OR EVER HAD ANY RELATION TO ITS AFFAIRS, TRANSACTIONS, OR FINANCIAL CONDITIONS.

19-1819.

(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION AND UNLESS, FOR GOOD CAUSE SHOWN, THE COMMISSIONER EXTENDS THE TIME FOR A REASONABLE PERIOD:

(1) ON OR BEFORE MARCH 1 OF EACH YEAR, EACH COMMUNITY HEALTH NETWORK SHALL FILE WITH THE COMMISSIONER A REPORT THAT SHOWS THE FINANCIAL CONDITION OF THE COMMUNITY HEALTH NETWORK ON THE LAST DAY OF THE PRECEDING CALENDAR YEAR AND ANY OTHER INFORMATION THAT THE COMMISSIONER REQUIRES BY REGULATION; AND

(2) ON OR BEFORE JUNE 1 OF EACH YEAR, EACH COMMUNITY HEALTH NETWORK SHALL FILE WITH THE COMMISSIONER AN AUDITED FINANCIAL REPORT

FOR THE PRECEDING CALENDAR YEAR.

(B) (1) A COMMUNITY HEALTH NETWORK THAT HAS A FISCAL YEAR OTHER THAN THE CALENDAR YEAR MAY REQUEST PERMISSION TO FILE BOTH THE ANNUAL REPORT REQUIRED UNDER SUBSECTION (A)(1) OF THIS SECTION AND THE AUDITED FINANCIAL REPORT REQUIRED UNDER SUBSECTION (A)(2) OF THIS SECTION AT THE END OF ITS FISCAL YEAR RATHER THAN THE PRECEDING CALENDAR YEAR.

(2) IF THE COMMISSIONER GRANTS A REQUEST UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMUNITY HEALTH NETWORK SHALL FILE WITH THE COMMISSIONER:

(I) THE ANNUAL REPORT WITHIN 60 DAYS AFTER THE END OF ITS FISCAL YEAR; AND

(II) THE AUDITED FINANCIAL REPORT WITHIN 150 DAYS AFTER THE END OF ITS FISCAL YEAR.

(C) THE ANNUAL REPORT SHALL:

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

(2) INCLUDE A DESCRIPTION OF ANY CHANGES IN THE INFORMATION SUBMITTED UNDER § 19-1810 OF THIS SUBTITLE.

(D) THE AUDITED FINANCIAL REPORT SHALL:

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

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

(E) EACH FINANCIAL REPORT FILED UNDER THIS SECTION IS A PUBLIC RECORD.".

On page 15, in line 14, strike "19-1815." and substitute "19-1820.".

On page 16, in lines 24 and 38, strike "19-1816." and "19-1817.", respectively, and substitute "19-1821." and "19-1822.", respectively.

On page 17, in lines 9 and 25, strike "19-1818." and "19-1819.", respectively, and substitute "19-1823." and "19-1824.", respectively; and in line 24, strike "§ 19-1819" and substitute "§ 19-1824".

On page 18, in line 7, strike "19-1820." and substitute "19-1825.".

On pages 15 and 16, strike in their entirety the lines beginning with line 34 on page 15 through line 3 on page 16.

On page 16, in line 4, strike "(6)" and substitute "(5)"; strike beginning with "(7)" in line 10 down through "(8)" in line 11 and substitute "(6)"; in lines 12, 15, and 18, strike "(9)", "(10)", and "(11)", respectively, and substitute "(7)", "(8)", and "(9)", respectively; and in line 18, before "PROVISIONS" insert "SUBJECT TO § 19-1817 OF THIS SUBTITLE,".

AMENDMENT NO. 5

On page 16, after line 37, insert:

"(C) THE PROVISIONS OF ARTICLE 48A, SUBTITLE 10 OF THE CODE AND § 19-706.1 OF THE HEALTH - GENERAL ARTICLE REGARDING REHABILITATION AND LIQUIDATION APPLY TO COMMUNITY HEALTH NETWORKS TO THE SAME EXTENT THAT THESE PROVISIONS APPLY TO HEALTH MAINTENANCE ORGANIZATIONS. ".