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**By: Delegate Fulton**

Introduced and read first time: January 24, 1996

Assigned to: Environmental Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Maintenance Organizations - External Review of Quality - Public Funding**

3 FOR the purpose of requiring the Department of Health and Mental Hygiene in  
4 conducting an external review of quality of the health services of health  
5 maintenance organizations to include for health maintenance organizations that  
6 receive public funds, as part of their external review of quality, ascertain  
7 certification of accreditation.

8 BY repealing and reenacting, with amendments,  
9 Article - Health - General  
10 Section 19-705.1(f)  
11 Annotated Code of Maryland  
12 (1990 Replacement Volume and 1995 Supplement)

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

15 **Article - Health - General**

16 19-705.1.

17 (f) (1) The Department shall conduct an external review of the quality of the  
18 health services of the health maintenance organization in a manner that the Department  
19 considers to be appropriate.

20 (2) The external review shall be conducted by:

21 (i) A panel of physicians and other health professionals that consists  
22 of persons who:

- 23 1. Have been approved by the Department;
- 24 2. Have substantial experience in the delivery of health care in  
25 a health maintenance organization setting, but who are not members of the health  
26 maintenance organization staff or performing professional services for the health  
27 maintenance organization; and
- 28 3. Reside outside the area serviced by the health maintenance  
29 organization;

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1 (ii) The Department; or

2 (iii) A federally-approved professional standards review organization.

3 (3) IF A HEALTH MAINTENANCE ORGANIZATION IS COMPENSATED BY  
4 AN EXPENDITURE OF PUBLIC FUNDS, THE EXTERNAL REVIEW OF QUALITY SHALL  
5 INCLUDE CERTIFICATION OF PROPER ACCREDITATION OF THE HEALTH  
6 MAINTENANCE ORGANIZATION BY THE NATIONAL COMMITTEE FOR QUALITY  
7 ASSURANCE.

8 [(3)] (4) [The] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS  
9 SUBSECTION, THE final decision on the type of external review that is to be employed  
10 rests solely with the Department.

11 [(4)] (5) The external review shall consist of a review and evaluation of:

12 (i) An internal peer review system and reports;

13 (ii) The program plan of the health maintenance organization to  
14 determine if it is adequate and being followed;

15 (iii) The professional standards and practices of the health  
16 maintenance organization in every area of services provided;

17 (iv) The grievances relating specifically to the delivery of medical care,  
18 including their final disposition;

19 (v) The physical facilities and equipment; and

20 (vi) A statistically representative sample of member records.

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