
By: Delegate Barve

Introduced and read first time: February 2, 1996

Assigned to: Economic Matters

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 State Insurance Commissioner shall review certain
5 filings by health maintenance organizations; providing grounds for disapproval of a
6 filing; providing procedures for reviewing resubmitted filings; requiring the
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) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
23 PARAGRAPH, [The] THE form and content of each contract between the health
24 maintenance organization and its subscribers or groups of subscribers.

25 (II) A GROUP CONTRACT, RIDER, ENDORSEMENT, OR FORMS OF A
26 UNIQUE CHARACTER NEED NOT BE FILED PURSUANT TO THIS SUBSECTION IF THEY
27 ARE DEVELOPED OR USED AT THE REQUEST OF A GROUP OF SUBSCRIBERS WHICH
28 CONSISTS OF MORE THAN 250 PEOPLE.

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

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

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

7 (D) (1) THE COMMISSIONER SHALL REVIEW THE FILINGS UNDER THIS
8 SECTION.

9 (2) IF THE FILING IS AN AMENDMENT TO AN APPROVED CONTRACT OR
10 RATE, THE COMMISSIONER SHALL REVIEW ONLY THE AMENDED LANGUAGE
11 UNLESS:

12 (I) RELEVANT LAWS OR REGULATIONS HAVE CHANGED;

13 (II) THE AMENDMENT HAS AN IMPACT ON OTHER SECTIONS OF
14 THE CONTRACT OR RATES NOT IDENTIFIED IN THE AMENDED FILING; OR

15 (III) THE HEALTH MAINTENANCE ORGANIZATION FAILS TO
16 IDENTIFY ALL AMENDED LANGUAGE IN AMENDED FILING.

17 (E) THE COMMISSIONER SHALL DISAPPROVE A FILING UNDER THIS SECTION,
18 OR WITHDRAW ANY PREVIOUS APPROVAL, IF THE FILING:

19 (1) IS NOT IN COMPLIANCE WITH THIS ARTICLE OR ANY APPLICABLE
20 REGULATIONS;

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

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

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

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

30 (6) PROVIDES BENEFITS THAT ARE UNREASONABLE IN RELATION TO
31 THE PREMIUM CHARGED.

32 [(d)] (F) (1) Unless the Commissioner disapproves a filing under this section,
33 the filing becomes effective 60 days after the office of the Commissioner receives the
34 filing or on any other date that the Commissioner sets.

35 (2) IF THE COMMISSIONER DISAPPROVES A FILING UNDER THIS
36 SECTION, A NOTICE OF DISAPPROVAL SHALL BE SENT TO INFORM THE HEALTH
37 MAINTENANCE ORGANIZATION OF THE SPECIFIC GROUNDS FOR THE DISAPPROVAL.

1 (G) (1) UNLESS THERE HAS BEEN A CHANGE IN APPLICABLE LAWS OR
2 REGULATIONS, IF A HEALTH MAINTENANCE ORGANIZATION RESUBMITS A FILING
3 THAT WAS DISAPPROVED, THE COMMISSIONER SHALL REVIEW ONLY THOSE
4 SECTIONS OR PROVISIONS OF THE FILING THAT WERE THE SUBJECT OF THE
5 DISAPPROVAL.

6 (2) (I) UNLESS THE COMMISSIONER DISAPPROVES A RESUBMITTED
7 FILING UNDER THIS SECTION, THE FILING BECOMES EFFECTIVE 30 DAYS AFTER THE
8 OFFICE OF THE COMMISSIONER RECEIVES THE FILING.

9 (II) IF THE COMMISSIONER DISAPPROVES A RESUBMITTED FILING
10 UNDER THIS SECTION, A NOTICE OF DISAPPROVAL SHALL BE SENT TO INFORM THE
11 HEALTH MAINTENANCE ORGANIZATION OF THE SPECIFIC GROUNDS FOR THE
12 DISAPPROVAL.

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