
By: Economic Matters Committee

Introduced and read first time: February 7, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 Health Insurance - Nonprofit Health Service Plans - Provider Reimbursements

3 FOR the purpose of eliminating a provision requiring nonprofit health service plans to
4 submit for approval to the Insurance Commissioner the terms and provisions of the
5 contracts executed with certain health care providers; and generally relating to
6 nonprofit health service plans.

7 BY repealing and reenacting, with amendments,
8 Article 48A - Insurance Code
9 Section 356
10 Annotated Code of Maryland
11 (1994 Replacement Volume and 1995 Supplement)

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

14 **Article 48A - Insurance Code**

15 356.

16 (a) No corporation subject to the provisions of this subtitle shall amend its
17 certificate of incorporation, its bylaws, [the terms and provisions of contracts executed or
18 to be executed with hospitals, physicians, chiropodists, chiropractors, pharmacists,
19 dentists, psychologists, or optometrists, and] OR the terms and provisions of contracts
20 issued, or proposed to be issued, to subscribers of the plan, until such proposed
21 amendments have been first submitted to, and approved by, the Insurance Commissioner,
22 and payment made of the fees provided for by § 41 of this article; nor shall any change be
23 made in the table of rates charged, or proposed to be charged, to subscribers for any form
24 of contract issued or to be issued for hospital, medical, chiropodial, chiropractic,
25 pharmaceutical, dental, psychological, or optometric care until such proposed change has
26 been submitted to, and approved by, the Insurance Commissioner. Each amendment shall
27 be on file for a waiting period of 60 working days before it becomes effective. When in the
28 Commissioner's opinion an amendment is not accompanied by the information needed to
29 support it and the Commissioner does not have sufficient information to determine
30 whether the filing meets the requirements of this section, the nonprofit health service
31 plan shall be required to furnish the needed information and in this event the waiting
32 period shall be suspended and shall recommence as of the date the information is

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1 furnished. Upon written application by the nonprofit health service plan, the
2 Commissioner may authorize an amendment which he has reviewed to become effective
3 before the expiration of the waiting period or any extension thereof or at any later date.
4 A filing shall be deemed approved unless disapproved by the Commissioner within the
5 waiting period or any extension thereof. The Commissioner shall disapprove or modify
6 the proposed change or changes if the table of rates appears by statistical analysis and
7 reasonable assumptions to be excessive in relation to benefits, or if the form contains
8 provisions which are unjust, unfair, inequitable, inadequate, misleading, deceptive, or
9 encourage misrepresentations of the coverage. In determining whether to disapprove or
10 modify the form or table of rates, the Commissioner shall give due consideration to past
11 and prospective loss experience within and outside this State, to underwriting practice
12 and judgment to the extent appropriate, to a reasonable margin for reserve needs, to past
13 and prospective expenses both countrywide and those specifically applicable to this State,
14 and to all other relevant factors within and outside this State.

15 Upon the adoption of any such amendment or change, following its approval by the
16 Insurance Commissioner, such corporation shall file a copy thereof with the Insurance
17 Commissioner, duly certified to by at least two (2) of the executive officers of such
18 corporation.

19 (b) The Commissioner is empowered at any time to require any nonprofit health
20 service plan in this State to demonstrate that its filings, including the terms and provisions
21 of its contracts and its table of rates and its method for setting rates, are in compliance
22 with subsection (a) hereof, notwithstanding that the filings then in effect had previously
23 been approved by the Commissioner.

24 (c) If at any time subsequent to the applicable review period provided for in
25 subsection (a) of this section, the Commissioner finds that a filing does not meet the
26 requirements of this section, the Commissioner shall, after a hearing held upon not less
27 than 10 days' written notice to the filer, specifying the matters to be considered at the
28 hearing, issue an order to the filer specifying in what respects the Commissioner finds
29 that the filing fails to meet the requirements of this section, and stating when, within a
30 reasonable period thereafter, the filing shall be no longer effective. The order shall not
31 affect any contract or policy made or issued prior to the expiration of the period set forth
32 in the order. The order shall not directly affect any existing contractor policy between a
33 nonprofit health service plan and a participant, established pursuant to a collective
34 bargaining procedure.

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