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**By: Economic Matters Committee**

Introduced and read first time: February 7, 1996

Assigned to: Economic Matters

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Committee Report: Favorable

House action: Adopted

Read second time: March 14, 1996

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CHAPTER \_\_\_\_

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,

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1 pharmaceutical, dental, psychological, or optometric care until such proposed change has  
2 been submitted to, and approved by, the Insurance Commissioner. Each amendment shall  
3 be on file for a waiting period of 60 working days before it becomes effective. When in the  
4 Commissioner's opinion an amendment is not accompanied by the information needed to  
5 support it and the Commissioner does not have sufficient information to determine  
6 whether the filing meets the requirements of this section, the nonprofit health service  
7 plan shall be required to furnish the needed information and in this event the waiting  
8 period shall be suspended and shall recommence as of the date the information is  
9 furnished. Upon written application by the nonprofit health service plan, the  
10 Commissioner may authorize an amendment which he has reviewed to become effective  
11 before the expiration of the waiting period or any extension thereof or at any later date.  
12 A filing shall be deemed approved unless disapproved by the Commissioner within the  
13 waiting period or any extension thereof. The Commissioner shall disapprove or modify  
14 the proposed change or changes if the table of rates appears by statistical analysis and  
15 reasonable assumptions to be excessive in relation to benefits, or if the form contains  
16 provisions which are unjust, unfair, inequitable, inadequate, misleading, deceptive, or  
17 encourage misrepresentations of the coverage. In determining whether to disapprove or  
18 modify the form or table of rates, the Commissioner shall give due consideration to past  
19 and prospective loss experience within and outside this State, to underwriting practice  
20 and judgment to the extent appropriate, to a reasonable margin for reserve needs, to past  
21 and prospective expenses both countrywide and those specifically applicable to this State,  
22 and to all other relevant factors within and outside this State.

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

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

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

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

