
By: Delegate Frank

Introduced and read first time: February 23, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Health Benefits Appeals Board**

3 FOR the purpose of creating a Health Benefits Appeals Board in the Maryland Insurance
4 Administration; requiring the Maryland Insurance Commissioner to employ a
5 certain staff for the Appeals Board; authorizing certain individualsto file an appeal
6 with the Appeals Board concerning any limitation on or denial of coverage for
7 health benefits from a carrier; authorizing the Appeals Board to impose a certain
8 fee for the filing of an appeal under certain circumstances; requiring the Appeals
9 Board to hear and rule on an appeal within a certain time from the date of the filing
10 of the appeal under certain circumstances; authorizing the Appeals Board to
11 reverse a decision of a carrier regarding any limitation on or denial of coverage for
12 health benefits; creating a Health Benefits Appeals Fund; requiring the
13 Commissioner to collect a certain health benefits appeals fee; defining certain
14 terms; providing for the future codification of certain provisions of this Act; and
15 generally relating to the Health Benefits Appeals Board.

16 BY repealing and reenacting, with amendments,
17 Article 48A - Insurance Code
18 Section 17 and 33A
19 Annotated Code of Maryland
20 (1994 Replacement Volume and 1995 Supplement)

21 BY adding to
22 Article 48A - Insurance Code
23 Section 752 through 758 to be under the new subtitle "59. Health Benefits Appeals
24 Board"
25 Annotated Code of Maryland
26 (1994 Replacement Volume and 1995 Supplement)

27 BY adding to
28 Article - Health - General
29 Section 19-706(l)
30 Annotated Code of Maryland
31 (1990 Replacement Volume and 1995 Supplement)

2

1 BY adding to
2 Article - Insurance
3 Section 2-104(j); and 2-401 through 2-406 to be under the new subtitle "Subtitle 4.
4 Health Benefits Appeals Board"; and 6-301 through 6-304 to be under the
5 new subtitle "Subtitle 3. Health Benefits Appeals Fee"
6 Annotated Code of Maryland
7 (1995 Volume)
8 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

9 BY repealing and reenacting, with amendments,
10 Article - Insurance
11 Section 2-114
12 Annotated Code of Maryland
13 (1995 Volume)
14 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995 and
15 Chapter _____ (H.B. 459) of the Acts of the General Assembly of 1996)

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

18 **Article 48A - Insurance Code**

19 17.

20 (1) The Commissioner shall appoint or employ an actuary and may appoint other
21 assistants, to perform actuarial duties of the Department, to take charge of or assist in the
22 examination of insurers, and to perform other duties as may be assigned by the
23 Commissioner.

24 (2) The Commissioner shall appoint or employ a chief examiner and may appoint
25 other assistant examiners to conduct or assist in examinations of insurers and others
26 provided for under this article.

27 (3) The Commissioner shall appoint an auditor and examiner for the
28 Administration, whose duties it shall be to examine and audit the annual statements of all
29 authorized insurers, the books, accounts and affairs of the Department, and such other
30 auditing as the Commissioner may direct.

31 (4) The Commissioner may appoint employees to head divisions or sections
32 established under § 14A of this article or for such special purposes as the Commissioner
33 may designate.

34 (5) The Commissioner may appoint and employ investigators, accountants, and
35 statisticians whose primary duties shall be, as directed by the Commissioner, to make
36 investigations in this State of violations or claimed violations of this article, including §
37 233A of this article.

38 (6) The Commissioner may appoint and employ other assistants and clerks as may
39 be necessary to assist him in discharging the duties imposed upon him under this article.

1 (7) The Administration shall be represented by the office of the Attorney General
2 and shall have a principal counsel who shall be an assistant attorney general and such
3 other assistant attorneys general, including assistant attorneys general specifically
4 assigned to the Fraud Division, as provided by the budget. The Commissioner may
5 employ on a full-time basis such other attorneys-at-law as the Commissioner deems
6 necessary.

7 (8) The Commissioner may from time to time contract for and procure, on a fee
8 or part-time basis, or both, such actuarial, legal, technical or other professional services
9 as he may require for the discharge of his duties.

10 (9) THE COMMISSIONER SHALL APPOINT OR EMPLOY PHYSICIANS, PHYSICAL
11 THERAPISTS, NURSES, DENTISTS, PSYCHOLOGISTS, OR ANY OTHER INDIVIDUALS
12 WHO ARE LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE TO REVIEW AND
13 RULE ON APPEALS FILED WITH THE HEALTH BENEFITS APPEALS BOARD.

14 33A.

15 (a) All money received under §§ 33(i), 41(1), (2), (3), (4) and (16), and 194 of this
16 article shall be general funds of the State, except that money for travel expenses and
17 living expense allowance received pursuant to § 33(i) of this article shall be held in a
18 special revolving fund by the Comptroller for the sole purpose of the payment of the costs
19 of examinations of insurance companies.

20 (b) (1) The [following] moneys DESIGNATED IN THIS SUBSECTION may not
21 be considered general funds of the State [and shall be deposited in the Insurance Fraud
22 Division Fund:].

23 (2) MONEYS FROM THE FOLLOWING SOURCES SHALL BE DEPOSITED IN
24 THE INSURANCE FRAUD DIVISION FUND:

25 [(1)] (I) Revenue derived from the annual fraud prevention fee under §
26 640B of this article; and

27 [(2)] (II) Income from investments that the State Treasurer makes for the
28 Insurance Fraud Division Fund.

29 (3) MONEYS FROM THE FOLLOWING SOURCES SHALL BE DEPOSITED IN
30 THE HEALTH BENEFITS APPEALS FUND:

31 (I) REVENUE DERIVED FROM THE ANNUAL HEALTH BENEFITS
32 APPEALS FEE UNDER § 758 OF THIS ARTICLE; AND

33 (II) INCOME FROM INVESTMENTS THAT THE STATE TREASURER
34 MAKES FOR THE HEALTH BENEFITS APPEALS FUND.

35 59. HEALTH BENEFITS APPEALS BOARD

36 752.

37 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
38 INDICATED.

4

1 (B) "APPEALS BOARD" MEANS THE HEALTH BENEFITS APPEALS BOARD.

2 (C) "CARRIER" MEANS:

3 (1) AN INSURER THAT HOLDS A CERTIFICATE OF AUTHORITY IN THE
4 STATE AND PROVIDES HEALTH INSURANCE IN THE STATE;

5 (2) A HEALTH MAINTENANCE ORGANIZATION THAT IS LICENSED TO
6 OPERATE IN THE STATE;

7 (3) A NONPROFIT HEALTH SERVICE PLAN THAT IS LICENSED TO
8 OPERATE IN THE STATE; OR

9 (4) ANY OTHER PERSON OR ORGANIZATION THAT PROVIDES HEALTH
10 BENEFIT PLANS SUBJECT TO STATE INSURANCE REGULATION.

11 (D) "FUND" MEANS THE HEALTH BENEFITS APPEALS FUND.

12 753.

13 (A) THERE IS A HEALTH BENEFITS APPEALS BOARD IN THE LIFE AND HEALTH
14 INSURANCE UNIT OF THE ADMINISTRATION.

15 (B) THE COMMISSIONER SHALL EMPLOY A STAFF FOR THE APPEALS BOARD.

16 754.

17 (A) ANY INDIVIDUAL, OR LEGAL REPRESENTATIVE OF AN INDIVIDUAL, WHO
18 RECEIVES OR IS ENTITLED TO RECEIVE HEALTH BENEFITS FROM A CARRIER MAY
19 FILE AN APPEAL ON A FORM THAT THE COMMISSIONER APPROVES WITH THE
20 APPEALS BOARD CONCERNING ANY LIMITATION ON OR DENIAL OF COVERAGE FOR
21 HEALTH BENEFITS FROM A CARRIER.

22 (B) THE APPEALS BOARD MAY IMPOSE A FILING FEE ON A FRIVOLOUS
23 APPEAL, AS DETERMINED BY THE APPEALS BOARD.

24 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE
25 APPEALS BOARD SHALL HEAR AND RULE ON AN APPEAL FILED WITH THE APPEALS
26 BOARD WITHIN 2 WEEKS FROM THE DATE OF THE FILING OF THE APPEAL.

27 (2) IN EMERGENCY SITUATIONS, AS DETERMINED BY THE APPEALS
28 BOARD, THE APPEALS BOARD SHALL HEAR AND RULE ON AN APPEAL WITHIN 24
29 HOURS FROM THE DATE OF THE FILING OF THE APPEAL.

30 (D) THE APPEALS BOARD HAS THE AUTHORITY TO REVERSE A DECISION OF
31 A CARRIER REGARDING ANY LIMITATION ON OR DENIAL OF COVERAGE FOR
32 HEALTH BENEFITS.

33 755.

34 (A) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT ANY OF
35 THE PROVISIONS OF THIS SUBTITLE.

36 (B) THE COMMISSIONER MAY SUBMIT AS PART OF THE ANNUAL REPORT
37 REQUIRED UNDER § 23 OF THIS ARTICLE:

5

1 (1) INFORMATION ON THE NUMBER AND TYPE OF APPEALS FILED
2 REGARDING EACH CARRIER; AND

3 (2) A SUMMARY OF THE RULING OF THE APPEALS BOARD ON THE
4 APPEALS.

5 756.

6 FUNDING FOR THE APPEALS BOARD SHALL BE AS PROVIDED IN THE STATE
7 BUDGET.

8 757.

9 (A) THERE IS A HEALTH BENEFITS APPEALS FUND.

10 (B) THE PURPOSE OF THE FUND IS TO PAY ALL THE COSTS AND EXPENSES
11 INCURRED BY THE INSURANCE ADMINISTRATION RELATED TO THE OPERATION OF
12 THE APPEALS BOARD.

13 (C) THE FUND SHALL CONSIST OF:

14 (1) THE FEES COLLECTED AND DEPOSITED IN THE FUND BY THE
15 COMMISSIONER UNDER § 758 OF THIS SUBTITLE; AND

16 (2) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES
17 FOR THE FUND.

18 (D) ALL THE COSTS AND EXPENSES OF THE APPEALS BOARD SHALL BE
19 INCLUDED IN THE STATE BUDGET AND EXPENDITURES FROM THE FUND TO COVER
20 COSTS AND EXPENSES OF THE APPEALS BOARD MAY ONLY BE MADE:

21 (1) PURSUANT TO AN APPROPRIATION APPROVED BY THE GENERAL
22 ASSEMBLY IN THE ANNUAL STATE BUDGET; OR

23 (2) BY THE BUDGET AMENDMENT PROCEDURE PROVIDED FOR IN §
24 7-109 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

25 (E) (1) THE STATE TREASURER IS THE CUSTODIAN OF THE FUND.

26 (2) THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME
27 MANNER AS STATE FUNDS.

28 (3) THE STATE TREASURER SHALL DEPOSIT PAYMENTS RECEIVED
29 FROM THE INSURANCE COMMISSIONER INTO THE FUND.

30 (F) (1) THE FUND IS A CONTINUING, NONLAPSING FUND AND IS NOT
31 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, AND MAY
32 NOT BE DEEMED A PART OF THE GENERAL FUND.

33 (2) NO PART OF THE FUND MAY REVERT OR BE CREDITED TO:

34 (I) THE GENERAL FUND OF THE STATE; OR

35 (II) A SPECIAL FUND OF THE STATE.

6

1 758.

2 (A) THE COMMISSIONER SHALL COLLECT AN ANNUAL HEALTH BENEFITS
3 APPEALS FEE AS PROVIDED IN THIS SECTION.

4 (B) THE HEALTH BENEFITS APPEALS FEE IS IN ADDITION TO ANY FEES,
5 PENALTIES, CHARGES, OR PREMIUM TAXES IMPOSED UNDER THIS ARTICLE.

6 (C) (1) THE HEALTH BENEFITS APPEALS FEE IS DUE AND PAYABLE ON OR
7 BEFORE OCTOBER 1 OF EACH YEAR.

8 (2) THE COMMISSIONER SHALL COLLECT THE HEALTH BENEFITS
9 APPEALS FEE.

10 (D) THE TOTAL AMOUNT OF THE HEALTH BENEFITS APPEALS FEE
11 COLLECTED BY THE COMMISSIONER SHALL BE DEPOSITED IN THE FUND FOR THE
12 SOLE PURPOSE OF FUNDING THE ACTIVITIES OF THE APPEALS BOARD.

13 (E) THE HEALTH BENEFITS APPEALS FEE SHALL BE \$300 FOR EACH CARRIER.

14 **Article - Health - General**

15 19-706.

16 (L) THE PROVISIONS OF ARTICLE 48A, SUBTITLE 59 SHALL APPLY TO HEALTH
17 MAINTENANCE ORGANIZATIONS.

18 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
19 read as follows:

20 **Article - Insurance**

21 2-104.

22 (J) (1) THE COMMISSIONER SHALL APPOINT PHYSICIANS, PHYSICAL
23 THERAPISTS, NURSES, DENTISTS, PSYCHOLOGISTS, OR ANY OTHER INDIVIDUALS
24 LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE.

25 (2) AN INDIVIDUAL LICENSED UNDER THE HEALTH OCCUPATIONS
26 ARTICLE SHALL HEAR AND RULE ON APPEALS FILED WITH THE HEALTH BENEFITS
27 APPEALS BOARD.

28 2-114.

29 (a) Except as provided in subsections (b) and (c) of this section, the
30 Commissioner shall pay all money collected under this article into the General Fund of
31 the State.

32 (b) The Commissioner shall pay all money collected for travel expenses and living
33 expense allowance under § 2-208(1) of this article into a special revolving fund held by
34 the Comptroller for the sole purpose of paying the costs of examinations of insurers.

35 (c) (1) The [following] moneys DESIGNATED IN THIS SUBSECTION may not
36 be considered general funds of the State [and shall be deposited in the Insurance Fraud
37 Division Fund:].

7

1 (2) MONEYS FROM THE FOLLOWING SOURCES SHALL BE DEPOSITED IN
2 THE INSURANCE FRAUD DIVISION FUND:

3 [(1)] (I) revenue derived from the annual fraud prevention fee under §
4 X-XXX [48A § 640B] of this article; and

5 [(2)] (II) income from investments that the State Treasurer makes for the
6 Insurance Fraud Division Fund.

7 (3) MONEYS FROM THE FOLLOWING SOURCES SHALL BE DEPOSITED IN
8 THE HEALTH BENEFITS APPEALS FUND:

9 (I) REVENUE DERIVED FROM THE ANNUAL HEALTH BENEFITS
10 APPEALS FEE UNDER § 6-301 OF THIS ARTICLE; AND

11 (II) INCOME FROM INVESTMENTS THAT THE STATE TREASURER
12 MAKES FOR THE HEALTH BENEFITS APPEALS FUND.

13 SUBTITLE 4. HEALTH BENEFITS APPEALS BOARD.

14 2-401.

15 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
16 INDICATED.

17 (B) "APPEALS BOARD" MEANS THE HEALTH BENEFITS APPEALS BOARD.

18 (C) "CARRIER" MEANS:

19 (1) AN INSURER THAT HOLDS A CERTIFICATE OF AUTHORITY IN THE
20 STATE AND PROVIDES HEALTH INSURANCE IN THE STATE;

21 (2) A HEALTH MAINTENANCE ORGANIZATION THAT IS LICENSED TO
22 OPERATE IN THE STATE;

23 (3) A NONPROFIT HEALTH SERVICE PLAN THAT IS LICENSED TO
24 OPERATE IN THE STATE; OR

25 (4) ANY OTHER PERSON OR ORGANIZATION THAT PROVIDES HEALTH
26 BENEFIT PLANS SUBJECT TO STATE INSURANCE REGULATION.

27 (D) "FUND" MEANS THE HEALTH BENEFITS APPEALS FUND.

28 2-402.

29 (A) THERE IS A HEALTH BENEFITS APPEALS BOARD IN THE LIFE AND HEALTH
30 INSURANCE UNIT OF THE ADMINISTRATION.

31 (B) THE COMMISSIONER SHALL EMPLOY A STAFF FOR THE APPEALS BOARD.

32 2-403.

33 (A) ANY INDIVIDUAL, OR LEGAL REPRESENTATIVE OF AN INDIVIDUAL, WHO
34 RECEIVES OR IS ENTITLED TO RECEIVE HEALTH BENEFITS FROM A CARRIER MAY
35 FILE AN APPEAL ON A FORM THAT THE COMMISSIONER APPROVES WITH THE

8
1 APPEALS BOARD CONCERNING ANY LIMITATION ON OR DENIAL OF COVERAGE FOR
2 HEALTH BENEFITS FROM A CARRIER.

3 (B) THE APPEALS BOARD MAY IMPOSE A FILING FEE ON A FRIVOLOUS
4 APPEAL, AS DETERMINED BY THE APPEALS BOARD.

5 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE
6 APPEALS BOARD SHALL HEAR AND RULE ON AN APPEAL FILED WITH THE APPEALS
7 BOARD WITHIN 2 WEEKS FROM THE DATE OF THE FILING OF THE APPEAL.

8 (2) IN EMERGENCY SITUATIONS, AS DETERMINED BY THE APPEALS
9 BOARD, THE APPEALS BOARD SHALL HEAR AND RULE ON AN APPEAL WITHIN 24
10 HOURS FROM THE DATE OF THE FILING OF THE APPEAL.

11 (D) THE APPEALS BOARD HAS THE AUTHORITY TO REVERSE A DECISION OF
12 A CARRIER REGARDING ANY LIMITATION ON OR DENIAL OF COVERAGE FOR
13 HEALTH BENEFITS.

14 2-404.

15 (A) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT ANY OF
16 THE PROVISIONS OF THIS SUBTITLE.

17 (B) THE COMMISSIONER MAY SUBMIT AS PART OF THE ANNUAL REPORT
18 REQUIRED UNDER § 2-110(A) OF THIS TITLE:

19 (1) INFORMATION ON THE NUMBER AND TYPE OF APPEALS FILED
20 REGARDING EACH CARRIER; AND

21 (2) A SUMMARY OF THE RULINGS OF THE APPEALS BOARD ON THE
22 APPEALS.

23 2-405.

24 FUNDING FOR THE APPEALS BOARD SHALL BE AS PROVIDED IN THE STATE
25 BUDGET.

26 2-406.

27 (A) THERE IS A HEALTH BENEFITS APPEALS FUND.

28 (B) THE PURPOSE OF THE FUND IS TO PAY ALL THE COSTS AND EXPENSES
29 INCURRED BY THE INSURANCE ADMINISTRATION RELATED TO THE OPERATION OF
30 THE APPEALS BOARD.

31 (C) THE FUND SHALL CONSIST OF:

32 (1) THE FEES COLLECTED AND DEPOSITED IN THE FUND BY THE
33 COMMISSIONER UNDER § 6-301 OF THIS ARTICLE; AND

34 (2) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES
35 FOR THE FUND.

9

1 (D) ALL THE COSTS AND EXPENSES OF THE APPEALS BOARD SHALL BE
2 INCLUDED IN THE STATE BUDGET AND EXPENDITURES FROM THE FUND TO COVER
3 COSTS AND EXPENSES OF THE APPEALS BOARD MAY ONLY BE MADE:

4 (1) PURSUANT TO AN APPROPRIATION APPROVED BY THE GENERAL
5 ASSEMBLY IN THE ANNUAL STATE BUDGET; OR

6 (2) BY THE BUDGET AMENDMENT PROCEDURE PROVIDED FOR IN §
7 7-109 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

8 (E) (1) THE STATE TREASURER IS THE CUSTODIAN OF THE FUND.

9 (2) THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME
10 MANNER AS STATE FUNDS.

11 (3) THE STATE TREASURER SHALL DEPOSIT PAYMENTS RECEIVED
12 FROM THE INSURANCE COMMISSIONER INTO THE FUND.

13 (F) (1) THE FUND IS A CONTINUING, NONLAPSING FUND AND IS NOT
14 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, AND MAY
15 NOT BE DEEMED A PART OF THE GENERAL FUND.

16 (2) NO PART OF THE FUND MAY REVERT OR BE CREDITED TO:

17 (I) THE GENERAL FUND OF THE STATE; OR

18 (II) A SPECIAL FUND OF THE STATE.

19 SUBTITLE 3. HEALTH BENEFITS APPEALS FEE.

20 6-301.

21 (A) THE COMMISSIONER SHALL COLLECT AN ANNUAL HEALTH BENEFITS
22 APPEALS FEE AS PROVIDED IN THIS SECTION.

23 (B) THE HEALTH BENEFITS APPEALS FEE IS IN ADDITION TO ANY FEES,
24 PENALTIES, CHARGES, OR PREMIUM TAXES IMPOSED UNDER THIS ARTICLE.

25 6-302.

26 (A) (1) THE HEALTH BENEFITS APPEALS FEE IS DUE AND PAYABLE ON OR
27 BEFORE OCTOBER 1 OF EACH YEAR.

28 (2) THE COMMISSIONER SHALL COLLECT THE HEALTH BENEFITS
29 APPEALS FEE.

30 (B) THE TOTAL AMOUNT OF THE HEALTH BENEFITS APPEALS FEE
31 COLLECTED BY THE COMMISSIONER SHALL BE DEPOSITED IN THE FUND FOR THE
32 SOLE PURPOSE OF FUNDING THE ACTIVITIES OF THE APPEALS BOARD.

33 6-303.

34 THE HEALTH BENEFITS APPEALS FEE SHALL BE \$200 FOR EACH CARRIER.

10

1 6-304.

2 THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT ANY
3 PROVISION OF THIS SUBTITLE.

4 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
5 take effect October 1, 1996.

6 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
7 take effect October 1, 1997.