
By: Senator Young

Introduced and read first time: January 25, 1996

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Maintenance Organizations - Medical Treatment Benefits, Risks, and Costs -**
3 **Information to Members**

4 FOR the purpose of requiring health maintenance organizations to assure that
5 information concerning medical treatment benefits, risks, and costs is provided to
6 members by health maintenance organization physicians under certain
7 circumstances; prohibiting a health maintenance organization from failing to
8 provide the information; and generally relating to requiring health maintenance
9 organizations to provide certain information about medical treatments to members.

10 BY repealing and reenacting, without amendments,
11 Article - Health - General
12 Section 19-705.1(a) and (b)(5) and 19-730
13 Annotated Code of Maryland
14 (1990 Replacement Volume and 1995 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article - Health - General
17 Section 19-705.1(b)(4) and 19-729
18 Annotated Code of Maryland
19 (1990 Replacement Volume and 1995 Supplement)

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

22 **Article - Health - General**

23 19-705.1.

24 (a) The Secretary shall adopt regulations that set out reasonable standards of
25 quality of care that a health maintenance organization shall provide to its members.

26 (b) The standards of quality of care shall include:

27 (4) A requirement that a health maintenance organization shall assure that:

28 (i) Each member who is seen for a medical complaint is evaluated
29 under the direction of a physician; [and]

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1 (ii) Each member who receives diagnostic evaluation or treatment is
2 under the direct medical management of a health maintenance organization physician
3 who provides continuing medical management; and

4 (III) EACH MEMBER WHO RECEIVES DIAGNOSTIC EVALUATION OR
5 TREATMENT BY A HEALTH MAINTENANCE ORGANIZATION PHYSICIAN IS INFORMED
6 BY THE PHYSICIAN OF THE BENEFITS, RISKS, AND COSTS OF THE MEDICAL
7 TREATMENT OPTIONS AVAILABLE FOR THE MEMBER'S MEDICAL COMPLAINT; AND

8 (5) A requirement that each member shall have an opportunity to select a
9 primary physician from among those available to the health maintenance organization.

10 19-729.

11 (a) A health maintenance organization may not:

12 (1) Violate any provision of this subtitle or any rule or regulation adopted
13 under it;

14 (2) Fail to fulfill its obligations to provide the health care services specified
15 in its contracts with subscribers;

16 (3) Make any false statement with respect to any report or statement
17 required by this subtitle or by the Commissioner under this subtitle;

18 (4) Advertise, merchandise, or attempt to merchandise its services in a way
19 that misrepresents its services or capacity for service;

20 (5) Engage in a deceptive, misleading, unfair, or unauthorized practice as to
21 advertising or merchandising;

22 (6) Prevent or attempt to prevent the Commissioner or the Department
23 from performing any duty imposed by this subtitle;

24 (7) Fraudulently obtain or fraudulently attempt to obtain any benefit under
25 this subtitle;

26 (8) Fail to fulfill the basic requirements to operate as a health maintenance
27 organization as provided in § 19-710 of this subtitle;

28 (9) Violate any applicable provision of Subtitle 55 of Article 48A of the
29 Code; [or]

30 (10) Fail to provide services to a member in a timely manner as provided in §
31 19-705.1(b)(1) of this subtitle; OR

32 (11) FAIL TO PROVIDE THE SERVICES AND INFORMATION TO A MEMBER
33 AS REQUIRED UNDER § 19-705.1(4) OF THIS SUBTITLE.

34 (b) If any health maintenance organization violates this section, the
35 Commissioner may pursue any one or more of the courses of action described in § 19-730
36 of this subtitle.

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1 19-730.

2 If any person violates any provision of § 19-729 of this subtitle, the Commissioner
3 may:

4 (1) Issue an administrative order that requires the health maintenance
5 organization to:

6 (i) Cease inappropriate conduct or practices by it or any of the
7 personnel employed or associated with it;

8 (ii) Fulfill its contractual obligations;

9 (iii) Provide a service that has been denied improperly;

10 (iv) Take appropriate steps to restore its ability to provide a service
11 that is provided under a contract;

12 (v) Cease the enrollment of any additional enrollees except newborn
13 children or other newly acquired dependents or existing enrollees; or

14 (vi) Cease any advertising or solicitation;

15 (2) Impose a penalty of not more than \$1,000 for each unlawful act
16 committed;

17 (3) Suspend or revoke the certificate of authority to do business as a health
18 maintenance organization; or

19 (4) Apply to any court for legal or equitable relief considered appropriate by
20 the Commissioner or the Department, in accordance with the joint internal procedures.

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