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**By: Senator Astle**

Introduced and read first time: February 2, 1996

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Maintenance Organizations - Rates and Contracts**

3 FOR the purpose of providing that the Insurance Commissioner shall review certain  
4 filings by health maintenance organizations; providing grounds for disapproval of a  
5 filing; providing that the Insurance Commissioner shall send certain notice of  
6 disapproval; and generally relating to health maintenance organizations and rates  
7 and contracts.

8 BY repealing and reenacting, with amendments,  
9 Article - Health - General  
10 Section 19-713  
11 Annotated Code of Maryland  
12 (1990 Replacement Volume and 1995 Supplement)

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

15 **Article - Health - General**

16 19-713.

17 (a) Each health maintenance organization shall file with the Commissioner,  
18 before they become effective:

19 (1) All rates that the health maintenance organization charges subscribers  
20 or groups of subscribers; and

21 (2) The form and content of each contract between the health maintenance  
22 organization and its subscribers or groups of subscribers.

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

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

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

3 (D) THE COMMISSIONER SHALL COORDINATE THE CONTRACT AND RELATED  
4 RATE FILING REVIEW UNDER THIS SECTION.

5 (E) (1) IF WITHIN 60 DAYS AFTER A FILING MADE PURSUANT TO THIS  
6 SECTION, THE COMMISSIONER FINDS THE FILING DOES NOT MEET THE  
7 REQUIREMENTS OF SUBSECTION (F) OF THIS SECTION, HE SHALL SEND THE FILER  
8 NOTICE OF DISAPPROVAL SPECIFYING IN WHAT RESPECTS THE COMMISSIONER  
9 FINDS THAT THE FILING FAILS TO MEET THE REQUIREMENTS OF THIS SECTION AND  
10 STATING THAT THE FILING SHALL NOT BECOME EFFECTIVE.

11 (2) THE COMMISSIONER MAY NOT ISSUE A NOTICE OF DISAPPROVAL OF  
12 A FILING UNDER SUBSECTION (F) OF THIS SECTION WITHOUT A STATUTORY OR  
13 REGULATORY BASIS FOR THE DISAPPROVAL AND AN EXPLANATION OF THE  
14 APPLICATION OF THE STATUTORY OR REGULATORY BASIS WHICH RESULTED IN  
15 THE DISAPPROVAL.

16 (F) THE COMMISSIONER SHALL DISAPPROVE ANY FORM FILED, OR  
17 WITHDRAW ANY PREVIOUS APPROVAL, IF THE FORM:

18 (1) IS IN ANY RESPECT IN VIOLATION OR DOES NOT COMPLY WITH THIS  
19 ARTICLE OR APPLICABLE REGULATIONS;

20 (2) CONTAINS, OR INCORPORATES BY REFERENCE, ANY INCONSISTENT  
21 OR INCONSISTENT OR INAPPLICABLE CLAUSES, EXCEPTIONS, OR CONDITIONS  
22 WHICH AFFECT THE RISK PURPORTED TO BE ASSUMED IN THE GENERAL COVERAGE  
23 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)] (G) Unless the Commissioner disapproves a filing under this section, the  
33 filing becomes effective 60 days after the office of the Commissioner receives the filing or  
34 on any other date that the Commissioner sets.

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