
By: Senator Young

Introduced and read first time: February 8, 1996

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurers and Health Maintenance Organizations - Financial Incentives or**
3 **Penalties - Disclosure**

4 FOR the purpose of requiring certain health insurers and health maintenance
5 organizations to disclose to certain persons information on whether the insurer or
6 health maintenance organization includes in its contracts with health care providers
7 certain financial incentives or penalties under certain circumstances; requiring
8 health insurers and health maintenance organizations to develop a certain form for
9 a certain purpose; defining certain terms; and generally relating to requiring health
10 insurers and health maintenance organizations to disclose certain information
11 related to financial incentives or penalties under certain circumstances.

12 BY adding to

13 Article 48A - Insurance Code
14 Section 490FF
15 Annotated Code of Maryland
16 (1994 Replacement Volume and 1995 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article - Health - General
19 Section 19-716
20 Annotated Code of Maryland
21 (1990 Replacement Volume and 1995 Supplement)

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

24 **Article 48A - Insurance Code**

25 490FF.

26 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
27 INDICATED.

28 (2) "CARRIER" MEANS:

2

1 (I) A HEALTH INSURER OR NONPROFIT HEALTH SERVICE PLAN
2 THAT HOLDS A CERTIFICATE OF AUTHORITY TO OFFER HEALTH INSURANCE
3 POLICIES OR CONTRACTS IN THE STATE IN ACCORDANCE WITH THIS ARTICLE; OR

4 (II) A THIRD PARTY ADMINISTRATOR REGISTERED UNDER THIS
5 ARTICLE OR ANY OTHER ENTITY UNDER CONTRACT WITH A MARYLAND BUSINESS
6 TO ADMINISTER A HEALTH BENEFIT PLAN SUBJECT TO STATE REGULATION.

7 (3) "PROVIDER" MEANS A HEALTH CARE PRACTITIONER OR A GROUP
8 OF HEALTH CARE PRACTITIONERS LICENSED OR OTHERWISE AUTHORIZED BY LAW
9 TO PROVIDE HEALTH CARE SERVICES.

10 (B) (1) EACH CARRIER SHALL DISCLOSE ON REQUEST TO THE GENERAL
11 PUBLIC IN CONCISE AND SPECIFIC TERMS INFORMATION IN SPECIFIC TERMS ON
12 WHETHER THE CARRIER INCLUDES IN ITS WRITTEN CONTRACTS WITH PROVIDERS
13 ANY FINANCIAL INCENTIVES OR PENALTIES THAT ARE INTENDED TO ENCOURAGE
14 PROVIDERS TO WITHHOLD SERVICES OR MINIMIZE OR AVOID REFERRALS TO
15 SPECIALISTS.

16 (2) IF THESE TYPES OF FINANCIAL INCENTIVES OR PENALTIES ARE
17 INCLUDED, THE CARRIER:

18 (I) SHALL PROVIDE A CONCISE DESCRIPTION OF THOSE
19 INCENTIVES OR PENALTIES; AND

20 (II) IN A SEPARATE SECTION ON THE DISCLOSURE FORM, MAY
21 INCLUDE A CONCISE EXPLANATION OR JUSTIFICATION FOR THE USE OF THESE
22 INCENTIVES OR PENALTIES.

23 (C) EACH CARRIER SHALL DEVELOP A FORM TO BE USED BY THE CARRIER
24 TO DISCLOSE THE INFORMATION REQUIRED UNDER THIS SECTION.

25 **Article - Health - General**

26 19-716.

27 (A) Annually, each health maintenance organization shall provide to its members
28 and make available to the general public, in clear, readable, and concise form:

29 (1) A summary of the most recent financial report that the health
30 maintenance organization submits to the Commissioner under § 19-717 of this subtitle;

31 (2) A description of the benefit packages available and the nongroup rates
32 required by the Commissioner;

33 (3) A description of the accessibility and availability of services, including
34 where and how to obtain them;

35 (4) A statement that shows, by category, the percentage of members assisted
36 by public funds;

37 (5) The information required to be disclosed by Article 48A, § 703(c) of the
38 Code; and

3

1 (6) Any other information that the Commissioner or the Department
2 requires by rule or regulation.

3 (B) (1) IN ADDITION TO THE INFORMATION REQUIRED UNDER
4 SUBSECTION (A) OF THIS SECTION, EACH HEALTH MAINTENANCE ORGANIZATION
5 SHALL DISCLOSE ON REQUEST TO ITS MEMBERS AND THE GENERAL PUBLIC IN
6 CONCISE AND SPECIFIC TERMS INFORMATION IN SPECIFIC TERMS ON WHETHER THE
7 HEALTH MAINTENANCE ORGANIZATION INCLUDES IN ITS WRITTEN CONTRACTS
8 WITH PROVIDERS ANY FINANCIAL INCENTIVES OR PENALTIES THAT ARE INTENDED
9 TO ENCOURAGE PROVIDERS TO WITHHOLD SERVICES OR MINIMIZE OR AVOID
10 REFERRALS TO SPECIALISTS.

11 (2) IF THESE TYPES OF FINANCIAL INCENTIVES OR PENALTIES ARE
12 INCLUDED, THE HEALTH MAINTENANCE ORGANIZATION:

13 (I) SHALL PROVIDE A CONCISE DESCRIPTION OF THOSE
14 INCENTIVES OR PENALTIES; AND

15 (II) IN A SEPARATE SECTION ON THE DISCLOSURE FORM, MAY
16 INCLUDE A CONCISE EXPLANATION OR JUSTIFICATION FOR THE USE OF THESE
17 INCENTIVES OR PENALTIES.

18 (3) EACH HEALTH MAINTENANCE ORGANIZATION SHALL DEVELOP A
19 FORM TO BE USED BY THE HEALTH MAINTENANCE ORGANIZATION TO DISCLOSE
20 THE INFORMATION REQUIRED UNDER THIS SUBSECTION.

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