
By: Senators Della and Astle

Introduced and read first time: February 9, 1996

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Credentialing Information and Procedures for Physicians and External Review of Quality**
3 **for Health Maintenance Organizations**

4 FOR the purpose of authorizing the Secretary of Health and Mental Hygiene to waive the
5 requirement for an external review of the quality of the health services of a health
6 maintenance organization by the Department of Health and Mental Hygiene if the
7 health maintenance organization has received a certain accreditation from a certain
8 external review organization under certain circumstances; specifying the
9 confidentiality of certain documents and information; authorizing the Secretary to
10 conduct certain inspections; altering a provision of law to establish that the
11 Secretary is the final authority for deciding the type of external review to be
12 employed by a health maintenance organization; altering a certain provision of law
13 related to medical review committees to add certain credentialing organizations;
14 requiring the Secretary to adopt certain regulations related to a credentialing
15 information system; specifying the content of the regulations; defining certain
16 terms; and generally relating to authorizing the Secretary to waive the requirement
17 of an external review of the quality of health services of a health maintenance
18 organization and requiring the Secretary to establish a certain credentialing
19 information system under certain circumstances.

20 BY repealing and reenacting, with amendments,
21 Article - Health - General
22 Section 19-705.1(f)
23 Annotated Code of Maryland
24 (1990 Replacement Volume and 1995 Supplement)

25 BY repealing and reenacting, with amendments,
26 Article - Health Occupations
27 Section 14-501
28 Annotated Code of Maryland
29 (1994 Replacement Volume and 1995 Supplement)

30 BY adding to
31 Article - Health Occupations
32 Section 14-501.1

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1 Annotated Code of Maryland
2 (1994 Replacement Volume and 1995 Supplement)

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

5 **Article - Health - General**

6 19-705.1.

7 (f) (1) [The] EXCEPT AS PROVIDED IN PARAGRAPH (5) OF THIS
8 SUBSECTION, THE Department shall conduct an external review of the quality of the
9 health services of the health maintenance organization in a manner that the Department
10 considers to be appropriate.

11 (2) The external review shall be conducted by:

12 (i) A panel of physicians and other health professionals that consists
13 of persons who:

- 14 1. Have been approved by the Department;
- 15 2. Have substantial experience in the delivery of health care in
16 a health maintenance organization setting, but who are not members of the health
17 maintenance organization staff or performing professional services for the health
18 maintenance organization; and
- 19 3. Reside outside the area serviced by the health maintenance
20 organization;

21 (ii) The Department; or

22 (iii) A federally-approved professional standards review organization.

23 (3) The final decision on the type of external review that is to be employed
24 rests solely with the [Department] SECRETARY.

25 (4) The external review shall consist of a review and evaluation of:

- 26 (i) An internal peer review system and reports;
- 27 (ii) The program plan of the health maintenance organization to
28 determine if it is adequate and being followed;
- 29 (iii) The professional standards and practices of the health
30 maintenance organization in every area of services provided;
- 31 (iv) The grievances relating specifically to the delivery of medical care,
32 including their final disposition;
- 33 (v) The physical facilities and equipment; and
- 34 (vi) A statistically representative sample of member records.

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1 (5) (I) THE SECRETARY MAY WAIVE THE APPLICATION OF THIS
2 SUBSECTION TO A HEALTH MAINTENANCE ORGANIZATION THAT HAS BEEN
3 ACCREDITED BY A NATIONALLY RECOGNIZED ACCREDITING ENTITY, IF THE
4 SECRETARY DETERMINES THAT THE STANDARDS OF THE EXTERNAL REVIEW
5 ORGANIZATION ARE SUBSTANTIALLY EQUIVALENT TO THE STATE'S
6 REQUIREMENTS FOR HEALTH MAINTENANCE ORGANIZATIONS UNDER THIS
7 SUBTITLE.

8 (II) THE HEALTH MAINTENANCE ORGANIZATION SHALL:

9 1. SUBMIT COPIES OF ITS APPLICATION FOR
10 ACCREDITATION, ITS INITIAL ACCREDITATION CERTIFICATION, AND SUBSEQUENT
11 APPLICATIONS AND RECERTIFICATIONS; AND

12 2. MAKE AVAILABLE FOR INSPECTION BY THE SECRETARY
13 A FINAL REPORT ISSUED BY THE NATIONALLY RECOGNIZED ACCREDITING ENTITY
14 THAT THE SECRETARY HAS DETERMINED MEETS THE STATE'S STANDARDS FOR
15 HEALTH MAINTENANCE ORGANIZATIONS UNDER THIS SUBTITLE.

16 (III) IN ADDITION TO INFORMATION REQUIRED UNDER
17 SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE HEALTH MAINTENANCE
18 ORGANIZATION SHALL SUBMIT TO THE DEPARTMENT AND MAKE AVAILABLE TO
19 THE PUBLIC A COPY OF ANY SUMMARY REPORTS MADE BY THE NATIONALLY
20 RECOGNIZED ACCREDITING ENTITY THAT HAS BEEN DETERMINED BY THE
21 SECRETARY TO MEET THE STATE'S STANDARDS FOR HEALTH MAINTENANCE
22 ORGANIZATIONS UNDER THIS SUBTITLE.

23 (IV) EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS
24 PARAGRAPH, ALL INFORMATION AND DOCUMENTS AND COPIES OBTAINED BY OR
25 DISCLOSED TO THE SECRETARY, OR ANY OTHER PERSON, IN THE COURSE OF AN
26 EXAMINATION OR INVESTIGATION MADE FOR PURPOSES OF SUBPARAGRAPH (I) OF
27 THIS PARAGRAPH ARE CONFIDENTIAL AND ARE NOT SUBJECT TO SUBPOENA AND
28 MAY NOT BE MADE PUBLICLY AVAILABLE BY THE SECRETARY OR ANY OTHER
29 PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE HEALTH MAINTENANCE
30 ORGANIZATION, UNLESS THE SECRETARY, AFTER GIVING NOTICE AND AN
31 OPPORTUNITY FOR A HEARING TO THE HEALTH MAINTENANCE ORGANIZATION,
32 DETERMINES THAT THE INTERESTS OF THE PUBLIC WOULD BE SERVED BY THE
33 DISCLOSURE OF THE INFORMATION OR DOCUMENTS IN THE MANNER THAT THE
34 SECRETARY DETERMINES IS APPROPRIATE.

35 (V) THE SECRETARY MAY INSPECT ANY FACILITY OF A HEALTH
36 MAINTENANCE ORGANIZATION FOR THE PURPOSE OF INVESTIGATING A
37 COMPLAINT OR TO FOLLOW UP ON A PROBLEM IDENTIFIED IN AN ACCREDITATION
38 REPORT.

39 **Article - Health Occupations**

40 14-501.

41 (a) (1) In this section the following words have the meanings indicated.

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1 (2) (i) "Alternative health care system" means a system of health care
2 delivery other than a hospital or related institution.

3 (ii) "Alternative health care system" includes:

- 4 1. A health maintenance organization;
- 5 2. A preferred provider organization;
- 6 3. An independent practice association; or
- 7 4. A community health center that is a nonprofit, freestanding
8 ambulatory health care provider governed by a voluntary board of directors and that
9 provides primary health care services to the medically indigent.

10 (3) "Medical review committee" means a committee or board that:

11 (i) Is within one of the categories described in subsection (b) of this
12 section; and

13 (ii) Performs any of the functions listed in subsection (c) of this
14 section.

15 (4) (i) "Provider of health care" means any person who is licensed by law
16 to provide health care to individuals.

17 (ii) "Provider of health care" does not include any nursing institution
18 that is conducted by and for those who rely on treatment by spiritual means through
19 prayer alone in accordance with the tenets and practices of a recognized church or
20 religious denomination.

21 (5) "The Maryland Institute for Emergency Medical Services Systems"
22 means the State agency described in § 13-1D-03 of the Education Article.

23 (b) For purposes of this section, a medical review committee is:

24 (1) A regulatory board or agency established by State or federal law to
25 license, certify, or discipline any provider of health care;

26 (2) A committee of the Faculty or any of its component societies or a
27 committee of any other professional society or association composed of providers of
28 health care;

29 (3) A committee appointed by or established in a local health department
30 for review purposes;

31 (4) A committee appointed by or established in the Maryland Institute for
32 Emergency Medical Services Systems;

33 (5) A committee of the medical staff or other committee, including any risk
34 management, credentialing, or utilization review committee established in accordance
35 with § 19-319 of the Health - General Article, of a hospital, related institution, or
36 alternative health care system, if the governing board of the hospital, related institution,

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1 or alternative health care system forms and approves the committee or approves the
2 written bylaws under which the committee operates;

3 (6) Any person, including a professional standard review organization, who
4 contracts with an agency of this State or of the federal government to perform any of the
5 functions listed in subsection (c) of this section;

6 (7) Any person who contracts with a provider of health care to perform any
7 of those functions listed in subsection (c) of this section that are limited to the review of
8 services provided by the provider of health care;

9 (8) An organization, established by the Maryland Hospital Association, Inc.
10 and the Faculty, that contracts with a hospital, related institution, or alternative delivery
11 system to:

12 (i) Assist in performing the functions listed in subsection (c) of this
13 section; or

14 (ii) Assist a hospital in meeting the requirements of § 19-319(e) of the
15 Health - General Article; [or]

16 (9) A committee appointed by or established in an accredited health
17 occupations school; OR

18 (10) AN ORGANIZATION DESCRIBED UNDER § 14-501.1 OF THIS SUBTITLE
19 THAT CONTRACTS WITH A HOSPITAL, RELATED INSTITUTION, OR HEALTH
20 MAINTENANCE ORGANIZATION TO:

21 (I) ASSIST IN PERFORMING THE FUNCTIONS LISTED IN
22 SUBSECTION (C) OF THIS SECTION; OR

23 (II) ASSIST A HEALTH MAINTENANCE ORGANIZATION IN MEETING
24 THE REQUIREMENTS OF TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE,
25 THE NATIONAL COMMITTEE FOR QUALITY ASSURANCE (NCQA), OR ANY OTHER
26 APPLICABLE CREDENTIALING LAW OR REGULATION.

27 (c) For purposes of this section, a medical review committee:

28 (1) Evaluates and seeks to improve the quality of health care provided by
29 providers of health care;

30 (2) Evaluates the need for and the level of performance of health care
31 provided by providers of health care;

32 (3) Evaluates the qualifications, competence, and performance of providers
33 of health care; or

34 (4) Evaluates and acts on matters that relate to the discipline of any
35 provider of health care.

36 (d) (1) Except as otherwise provided in this section, the proceedings, records,
37 and files of a medical review committee are not discoverable and are not admissible in
38 evidence in any civil action arising out of matters that are being reviewed and evaluated
39 by the medical review committee.

1 (2) The proceedings, records, and files of a medical review committee
2 [requested by the Department of Health and Mental Hygiene to ensure compliance with
3 the provisions of § 19-319 of the Health - General Article] are confidential and are not
4 discoverable and are not admissible in evidence in any civil action arising out of matters
5 that are being reviewed and evaluated by the medical review committee IF REQUESTED
6 BY THE FOLLOWING:

7 (I) THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE TO
8 ENSURE COMPLIANCE WITH THE PROVISIONS OF § 19-319 OF THE HEALTH -
9 GENERAL ARTICLE;

10 (II) A HEALTH MAINTENANCE ORGANIZATION TO ENSURE
11 COMPLIANCE WITH THE PROVISIONS OF TITLE 19, SUBTITLE 7 OF THE HEALTH -
12 GENERAL ARTICLE AND APPLICABLE REGULATIONS; OR

13 (III) A HEALTH MAINTENANCE ORGANIZATION TO ENSURE
14 COMPLIANCE WITH THE NATIONAL COMMITTEE FOR QUALITY ASSURANCE (NCQA)
15 CREDENTIALING REQUIREMENTS.

16 (e) Subsection (d)(1) of this section does not apply to:

17 (1) A civil action brought by a party to the proceedings of the medical
18 review committee who claims to be aggrieved by the decision of the medical review
19 committee; or

20 (2) Any record or document that is considered by the medical review
21 committee and that otherwise would be subject to discovery and introduction into
22 evidence in a civil trial.

23 (f) A person shall have the immunity from liability described under § 5-393 of the
24 Courts and Judicial Proceedings Article for any action as a member of the medical review
25 committee or for giving information to, participating in, or contributing to the function of
26 the medical review committee.

27 (g) Notwithstanding this section, §§ 14-410 and 14-412 of this title apply to:

28 (1) The Board; and

29 (2) Any other entity, to the extent that it is acting in an investigatory
30 capacity for the Board.

31 14-501.1.

32 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
33 INDICATED.

34 (2) (I) "ACCREDITING ORGANIZATION" MEANS AN ORGANIZATION
35 THAT AWARDS ACCREDITATION TO MANAGED CARE ORGANIZATIONS, SUCH AS
36 HEALTH MAINTENANCE ORGANIZATIONS, AND OTHER HEALTH CARE
37 ORGANIZATIONS.

38 (II) "ACCREDITING ORGANIZATION" INCLUDES THE NATIONAL
39 COMMITTEE ON QUALITY ASSURANCE (NCQA).

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1 (3) (I) "CREDENTIALING ORGANIZATION" MEANS AN ORGANIZATION
2 THAT USES A PROCESS TO COLLECT AND VERIFY INFORMATION IN ACCORDANCE
3 WITH LICENSING AND ACCREDITATION RULES AND REGULATIONS CONCERNING
4 THE PROFESSIONAL BACKGROUND OF A PHYSICIAN WHO IS APPLYING FOR
5 PRACTICE PRIVILEGES, ENTERING INTO CONTRACT, OR SEEKING EMPLOYMENT
6 WITH A HOSPITAL, RELATED INSTITUTION, OR HEALTH MAINTENANCE
7 ORGANIZATION.

8 (II) "CREDENTIALING ORGANIZATION" INCLUDES:

9 1. A HOSPITAL;

10 2. A RELATED INSTITUTION; AND

11 3. A HEALTH MAINTENANCE ORGANIZATION.

12 (4) "PRIMARY SOURCE VERIFICATION" MEANS A PROCEDURE USED BY
13 A CREDENTIALING ORGANIZATION TO ENSURE THE TRUTH AND ACCURACY OF
14 DOCUMENTS AND INFORMATION SUBMITTED TO THE ORGANIZATION BY A
15 PHYSICIAN WHO IS APPLYING FOR PRACTICE PRIVILEGES, ENTERING INTO
16 CONTRACT, OR SEEKING EMPLOYMENT WITH A HOSPITAL, RELATED INSTITUTION,
17 OR HEALTH MAINTENANCE ORGANIZATION.

18 (B) ON OR BEFORE JANUARY 1, 1997, THE SECRETARY SHALL ADOPT
19 REGULATIONS ESTABLISHING A CREDENTIALING INFORMATION SYSTEM THAT IS
20 AVAILABLE FOR ALL PHYSICIANS LICENSED UNDER THE HEALTH OCCUPATIONS
21 ARTICLE.

22 (C) IN CONSULTATION WITH APPROPRIATE ACCREDITING ORGANIZATIONS,
23 THE REGULATIONS ADOPTED BY THE SECRETARY UNDER SUBSECTION (B) OF THIS
24 SECTION SHALL:

25 (1) PROVIDE FOR A PROCEDURE FOR THE COLLECTION AND RELEASE
26 OF CREDENTIALING INFORMATION;

27 (2) INCLUDE STANDARDS BY WHICH ANY ORGANIZATION, INCLUDING
28 THE FACULTY, MAY QUALIFY TO PERFORM PRIMARY SOURCE VERIFICATION; AND

29 (3) PROVIDE FOR THE MONITORING BY THE SECRETARY OF ANY
30 ORGANIZATION THAT QUALIFIES TO ADMINISTER PRIMARY SOURCE
31 VERIFICATION.

32 (D) THE SECRETARY MAY AUTHORIZE CREDENTIALING ORGANIZATIONS TO
33 RELY ON CREDENTIALING INFORMATION PROVIDED BY AN ORGANIZATION
34 QUALIFIED TO PERFORM PRIMARY SOURCE VERIFICATION IN ACCORDANCE WITH
35 THE STANDARDS ADOPTED BY THE SECRETARY BY REGULATION UNDER THIS
36 SECTION INSTEAD OF REQUIRING A CREDENTIALING ORGANIZATION TO USE ITS
37 OWN PRIMARY SOURCE VERIFICATION PROCEDURE TO TEST THE TRUTH AND
38 ACCURACY OF INFORMATION SUBMITTED TO THE CREDENTIALING
39 ORGANIZATION.

40 (E) THIS SECTION DOES NOT PROHIBIT A CREDENTIALING ORGANIZATION
41 FROM USING ITS OWN PRIMARY SOURCE VERIFICATION PROCEDURE.

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