
By: Delegates Frank, Crumlin, Krysiak, Love, and Morhaim

Introduced and read first time: January 30, 1997

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 Insurance Commissioner to employ a certain staff for
5 the Appeals Board; authorizing certain individuals to file an appeal with the
6 Appeals Board concerning any limitation on or denial of coverage for health
7 benefits from a carrier; authorizing the Appeals Board to impose a certain fee for
8 filing an appeal under certain circumstances; requiring the Appeals Board to hear
9 and rule on an appeal within a certain time from the date of the filing of the appeal
10 under certain circumstances; authorizing the Appeals Board to reverse a decision of
11 a carrier regarding any limitation on or denial of coverage for health benefits;
12 creating a Health Benefits Appeals Fund; requiring the Commissioner to collect a
13 certain fee and requiring payment of the fee; defining certain terms; and generally
14 relating to the Health Benefits Appeals Board.

15 BY adding to

16 Article - Health - General
17 Section 19-706(n)
18 Annotated Code of Maryland
19 (1996 Replacement Volume and 1996 Supplement)

20 BY adding to

21 Article - Insurance
22 Section 2-104(k); and 2-501 through 2-506 to be under the new subtitle "Subtitle 5.
23 Health Benefits Appeals Board"; and 6-301 through 6-303 to be under the
24 new subtitle "Subtitle 3. Health Benefits Appeals Fee"
25 Annotated Code of Maryland
26 (1995 Volume and 1996 Supplement)
27 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

28 BY repealing and reenacting, with amendments,

29 Article - Insurance
30 Section 2-114
31 Annotated Code of Maryland
32 (1995 Volume and 1996 Supplement)

2

1 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

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

4 **Article - Health - General**

5 19-706.

6 (N) THE PROVISIONS OF TITLE 2, SUBTITLE 5 AND TITLE 6, SUBTITLE 3 OF THE
7 INSURANCE ARTICLE SHALL APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.

8 **Article - Insurance**

9 2-104.

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

14 2-114.

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

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

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

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

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

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

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

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

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

3

1 SUBTITLE 5. HEALTH BENEFITS APPEALS BOARD.

2 2-501.

3 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
4 INDICATED.

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

6 (C) "CARRIER" MEANS:

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

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

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

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

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

16 2-502.

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

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

20 2-503.

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

26 (B) THE APPEALS BOARD MAY IMPOSE A FILING FEE ON ANY APPEAL IT
27 DETERMINES TO BE A FRIVOLOUS APPEAL.

28 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE
29 APPEALS BOARD SHALL HEAR AND RULE ON AN APPEAL WITHIN 2 WEEKS AFTER
30 THE DATE THE APPEAL IS FILED.

31 (2) IN EMERGENCY SITUATIONS, AS DETERMINED BY THE APPEALS
32 BOARD, IT SHALL HEAR AND RULE ON AN APPEAL WITHIN 24 HOURS AFTER THE
33 APPEAL IS FILED.

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

4

1 2-504.

2 (A) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT ANY
3 PROVISION OF THIS SUBTITLE.

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

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

8 (2) A SUMMARY OF THE RULINGS OF THE APPEALS BOARD ON THE
9 APPEALS.

10 2-505.

11 FUNDING FOR THE APPEALS BOARD SHALL BE AS PROVIDED IN THE STATE
12 BUDGET.

13 2-506.

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

15 (B) THE PURPOSE OF THE FUND IS TO PAY ALL COSTS AND EXPENSES
16 INCURRED BY THE INSURANCE ADMINISTRATION RELATED TO OPERATION OF THE
17 APPEALS BOARD.

18 (C) THE FUND SHALL CONSIST OF:

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

21 (2) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES
22 FOR THE FUND.

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

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

28 (2) BY THE BUDGET AMENDMENT PROCEDURE PROVIDED FOR IN §
29 7-109 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

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

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

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

5

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

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

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

6 (II) A SPECIAL FUND OF THE STATE.

7 SUBTITLE 3. HEALTH BENEFITS APPEALS FEE.

8 6-301.

9 (A) ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE COMMISSIONER SHALL
10 COLLECT AND EACH INSURER THAT ENGAGES IN HEALTH INSURANCE BUSINESS IN
11 THE STATE AND EACH NONPROFIT HEALTH SERVICE PLAN AND HEALTH
12 MAINTENANCE ORGANIZATION SHALL PAY A HEALTH BENEFITS APPEALS FEE.

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

15 (C) THE TOTAL AMOUNT OF THE HEALTH BENEFITS APPEALS FEE
16 COLLECTED BY THE COMMISSIONER SHALL BE DEPOSITED IN THE FUND FOR THE
17 SOLE PURPOSE OF FUNDING ACTIVITIES OF THE APPEALS BOARD.

18 6-302.

19 THE AMOUNT OF THE HEALTH BENEFITS APPEALS FEE SHALL BE \$200.

20 6-303.

21 THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT ANY
22 PROVISION OF THIS SUBTITLE.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 1997.