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**By: ~~Delegates Barve and Goldwater, Goldwater, Donoghue, Boston, Exum, Kirk, Crumlin, Frank, and Fulton~~**

Introduced and read first time: January 31, 1997

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 1997

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CHAPTER \_\_\_\_

1 AN ACT concerning

2 **Health Insurance - Compensation of Health Care Practitioners - Capitated Fees**

3 FOR the purpose of prohibiting health insurance carriers that compensate health care  
4 practitioners on a capitated basis from retaining certain capitated fees; requiring  
5 carriers to pay health care practitioners certain capitated fees in a certain manner;  
6 and generally relating to compensation of health care practitioners by health  
7 insurance carriers on a capitated basis.

8 BY repealing and reenacting, with amendments,  
9 Article - Insurance  
10 Section 15-113  
11 Annotated Code of Maryland  
12 (1995 Volume and 1996 Supplement)  
13 (As enacted by Chapter \_\_\_\_ (H.B. 11) of the Acts of the General Assembly of 1997)

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

16 **Article - Insurance**

17 15-113.

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

19 (2) "Carrier" means:

20 (i) an insurer;

21 (ii) a nonprofit health service plan;

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1 (iii) a health maintenance organization;

2 (iv) a dental plan organization; or

3 (v) any other person that provides health benefit plans subject to  
4 regulation by the State.

5 (3) "Health care practitioner" means an individual who is licensed, certified,  
6 or otherwise authorized under the Health Occupations Article to provide health care  
7 services.

8 (b) A carrier may not reimburse a health care practitioner in an amount less than  
9 the sum or rate negotiated in the carrier's provider contract with the health care  
10 practitioner.

11 (c) This section does not prohibit a carrier from providing bonuses or other  
12 incentive-based compensation to a health care practitioner if the bonus or other  
13 incentive-based compensation does not:

14 (1) violate Sec. 19-705.1 of the Health - General Article; or

15 (2) deter the delivery of medically appropriate care to an enrollee.

16 (D) (1) A CARRIER THAT COMPENSATES HEALTH CARE PRACTITIONERS  
17 WHOLLY OR PARTLY ON A CAPITATED BASIS MAY NOT RETAIN ANY CAPITATED FEE  
18 ATTRIBUTABLE TO AN ENROLLEE OR COVERED PERSON.

19 (2) A CARRIER IS IN COMPLIANCE WITH PARAGRAPH (1) OF THIS  
20 SUBSECTION IF, WITHIN 45 DAYS AFTER AN ENROLLEE OR COVERED PERSON  
21 CHOOSES OR OBTAINS HEALTH CARE FROM A HEALTH CARE PRACTITIONER, THE  
22 CARRIER PAYS TO THE HEALTH CARE PRACTITIONER ALL ACCRUED BUT UNPAID  
23 CAPITATED FEES ATTRIBUTABLE TO THAT ENROLLEE OR PERSON THAT THE  
24 HEALTH CARE PRACTITIONER WOULD HAVE RECEIVED HAD THE ENROLLEE OR  
25 PERSON CHOSEN THE HEALTH CARE PRACTITIONER AT THE TIME OF ENROLLMENT.

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