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**By: Delegates Bonsack, W. Baker, Barve, Bozman, Branch, Brinkley, Conroy, Conway, Cryor, Crumlin, C. Davis, DeCarlo, Dewberry, Donoghue, Dypski, Exum, Elliott, Faulkner, Finifter, Frank, Fry, Fulton, Getty, Goldwater, Guns, Hammen, Harkins, Harrison, Heller, Holt, Howard, D. Hughes, Hutchins, Hurson, Kagan, Kelly, Klausmeier, Klima, Kirk, Kopp, Krysiak, Leopold, Linton, Love, Malone, McClenahan, McIntosh, McKee, C. Mitchell, Mohorovic, Morhaim, D. Murphy, Oaks, Muse, Perry, Pitkin, Preis, Rudolph, Stocksdale, Stull, Weir, Willis, Wood, Workman, Turner, Boston, Poole, Owings, Curran, Proctor, and Nathan-Pulliam**

Introduced and read first time: February 3, 1997

Assigned to: Environmental Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Maintenance Organizations - Quality of Care - Requirements**

3 FOR the purpose of requiring a medical director of a health maintenance organization to  
4 satisfy certain qualifications; requiring a health maintenance organization to  
5 provide an opportunity for members to request to receive health care services from  
6 any physician or other health care practitioner under certain circumstances;  
7 requiring a health maintenance organization to assure that only a physician or other  
8 health care practitioner determines what health care service will be used to evaluate  
9 and treat a medical condition of a member; and generally relating to requirements  
10 of health maintenance organizations in order to provide quality care.

11 BY repealing and reenacting, with amendments,

12 Article - Health - General

13 Section 19-705.1(b), 19-708, and 19-710(f)

14 Annotated Code of Maryland

15 (1996 Replacement Volume and 1996 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article - Health - General**

19 19-705.1.

20 (b) The standards of quality of care shall include:

21 (1) (i) A requirement that a health maintenance organization shall  
22 provide for regular hours during which a member may receive services, including  
23 providing for services to a member in a timely manner that takes into account the  
24 immediacy of need for services; and

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1 (ii) Provisions for assuring that all covered services, including any  
2 services for which the health maintenance organization has contracted, are accessible to  
3 the enrollee with reasonable safeguards with respect to geographic locations.

4 (2) A requirement that a health maintenance organization shall have a  
5 system for providing a member with 24-hour access to a physician in cases where there is  
6 an immediate need for medical services, including providing 24-hour access by telephone  
7 to a person who is able to appropriately respond to calls from members and providers  
8 concerning after-hours care;

9 (3) A requirement that any nonparticipating provider shall submit to the  
10 health maintenance organization the appropriate documentation of the medical  
11 complaint of the member and the services rendered;

12 (4) A requirement that a health maintenance organization shall have a  
13 physician available at all times to provide diagnostic and treatment services;

14 (5) A requirement that a health maintenance organization shall assure that:

15 (i) Each member who is seen for a medical complaint is evaluated  
16 under the direction of a physician AND THAT ONLY THE ATTENDING PHYSICIAN OR  
17 OTHER HEALTH CARE PROVIDER, IN CONSULTATION WITH THE MEMBER, DECIDES  
18 WHAT HEALTH CARE SERVICES ARE TO BE PROVIDED, OR ARRANGED TO BE  
19 PROVIDED, TO THE MEMBER FOR PURPOSES OF EVALUATING AND TREATING THE  
20 MEDICAL COMPLAINTS; and

21 (ii) Each member who receives diagnostic evaluation or treatment is  
22 under the direct medical management of a health maintenance organization physician  
23 who provides continuing medical management; and

24 (6) A requirement that each member shall have an opportunity to [select]:

25 (I) SELECT a primary physician from among those available to the  
26 health maintenance organization; OR

27 (II) REQUEST TO RECEIVE HEALTH CARE SERVICES FROM A  
28 PHYSICIAN OR OTHER HEALTH CARE PRACTITIONER WHO IS NOT UNDER  
29 CONTRACT WITH OR EMPLOYED BY THE HEALTH MAINTENANCE ORGANIZATION  
30 AND THE PHYSICIAN OR OTHER HEALTH CARE PRACTITIONER BE REIMBURSED  
31 UNDER THE SAME TERMS AND CONDITIONS OF THE MEMBER'S CONTRACT WITH  
32 THE HEALTH MAINTENANCE ORGANIZATION.

33 19-708.

34 (a) An applicant for a certificate to operate as a health maintenance organization  
35 shall submit an application to the Commissioner on the form that the Commissioner  
36 requires.

37 (b) The application shall include or be accompanied by:

38 (1) A copy of the basic health maintenance organizational document and  
39 any amendments to it that, where applicable, are certified by the Department of  
40 Assessments and Taxation;

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1                   (2) A copy of the bylaws of the health maintenance organization, if any, that  
2 are certified by the appropriate officer;

3                   (3) A list of the individuals who are to be responsible for the conduct of the  
4 affairs of the health maintenance organization, including all members of the governing  
5 body, the officers and directors if it is a corporation, and the partners or associates if it is  
6 a partnership or association;

7                   (4) The addresses of those individuals and their official capacity with the  
8 health maintenance organization;

9                   (5) A statement by each individual referred to in item (3) of this subsection  
10 that fully discloses the extent and nature of any contract or arrangement between the  
11 individual and the health maintenance organization and any possible conflict of interest;

12                   (6) A resume of the qualifications of:

13                   (i) The administrator;

14                   (ii) The medical director, WHO MUST BE A PHYSICIAN LICENSED TO  
15 PRACTICE IN THE STATE OF MARYLAND;

16                   (iii) The enrollment director; and

17                   (iv) Any other individual who is associated with the health  
18 maintenance organization that the Commissioner and the Secretary request under their  
19 joint internal procedures;

20                   (7) A statement that describes generally:

21                   (i) The health maintenance organization, including:

22                                 1. Its operations;

23                                 2. Its enrollment process;

24                                 3. Its quality assurance mechanism; and

25                                 4. Its internal grievance procedures;

26                   (ii) The methods the health maintenance organization proposes to use  
27 to offer its members and public representatives an opportunity to participate in matters of  
28 policy and operation;

29                   (iii) The location of the facilities where health care services will be  
30 available regularly to members;

31                   (iv) The type and specialty of physicians and health care personnel who  
32 are engaged to provide health care services;

33                   (v) The number of physicians and personnel in each category; and

34                   (vi) The health and medical records system to provide documentation  
35 of use by members;

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1 (8) The form of each contract that the health maintenance organization  
2 proposes to offer to subscribers showing the benefits to which they are entitled and a  
3 table of the rates charged or proposed to be charged for each form of contract;

4 (9) A statement that describes with reasonable certainty each geographic  
5 area to be served by the health maintenance organization;

6 (10) A statement of the financial condition of the health maintenance  
7 organization, including:

8 (i) Sources of financial support;

9 (ii) A balance sheet showing assets, liabilities, and minimum tangible  
10 net worth; and

11 (iii) Any other financial information the Commissioner requires for  
12 adequate financial evaluation;

13 (11) Copies of any proposed advertising and proposed techniques and  
14 methods of selling the services of the health maintenance organization;

15 (12) A power of attorney that is executed by the health maintenance  
16 organization appointing the Commissioner as agent of the organization in this State to  
17 accept service of process in any action, proceeding, or cause of action arising in this State  
18 against the health maintenance organization; and

19 (13) Copies of the agreements proposed to be made between the health  
20 maintenance organizations and providers of health care services.

21 19-710.

22 (f) (1) The terms of the contracts to be offered to subscribers shall provide that  
23 the health care services provided to members of the health maintenance organization will  
24 meet reasonable standards of quality of care that are applicable to the geographic area to  
25 be served, as approved by the Department.

26 (2) If a health maintenance organization offers services that are within the  
27 scope of practice of a physician and another health care practitioner who is licensed  
28 under the Health Occupations Article, the health maintenance organization shall offer  
29 those services through other licensed health care practitioners, where appropriate, as  
30 determined by the health maintenance organization.

31 (3) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1) OF THIS  
32 SUBSECTION, HEALTH MAINTENANCE ORGANIZATIONS MUST ALLOW PHYSICIANS  
33 AND ALL ALLIED HEALTH CARE PROVIDERS TO PRACTICE THEIR PROFESSION AS  
34 MEDICALLY NECESSARY WITHOUT INTERFERENCE INTO THE DELIVERY OF THE  
35 HEALTH CARE TO THE PATIENT.

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