
By: Delegate Doory

Introduced and read first time: February 5, 1997

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 11, 1997

CHAPTER ____

1 AN ACT concerning

2 **Health Maintenance Organizations - Negotiated Alternative Rates - Coinsurance**
3 **Payments**

4 FOR the purpose of providing that, if a health maintenance organization negotiates and
5 enters into a contract with certain health care providers to provide health care
6 services to its insureds at alternative rates of payment and coinsurance payments are
7 to be based on a percentage of the fee for health care services rendered by a
8 provider, the health maintenance organization shall calculate the amount of the
9 coinsurance payment to be paid by the insured from the negotiated alternative rate;
10 prohibiting health maintenance organizations from charging or collecting from an
11 insured a coinsurance payment amount that is greater than the coinsurance
12 payment amount calculated from the negotiated alternative rate; and generally
13 relating to requiring health maintenance organizations to calculate coinsurance
14 payment amounts from negotiated alternative rates under certain circumstances.

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 repealing and reenacting, without amendments,

21 Article - Insurance
22 Section 15-118
23 Annotated Code of Maryland
24 (1995 Volume and 1996 Supplement)
25 (As enacted by Chapter ____ (H.B. 11) of the Acts of the General Assembly of 1997)

2

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

3 **Article - Health - General**

4 19-706.

5 (N) THE PROVISIONS OF § 15-118 OF THE INSURANCE ARTICLE SHALL APPLY
6 TO HEALTH MAINTENANCE ORGANIZATIONS.

7 **Article - Insurance**

8 15-118.

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

10 (2) "Health care service" means a health or medical care procedure or
11 service rendered by a provider that:

12 (i) provides testing, diagnosis, or treatment of human disease or
13 dysfunction; or

14 (ii) dispenses drugs, medical devices, medical appliances, or medical
15 goods for the treatment of human disease or dysfunction.

16 (3) "Provider" means a physician, hospital, or other person that is licensed
17 or otherwise authorized to provide health care services.

18 (b) This section applies to insurers and nonprofit health service plans that provide
19 coverage for health care services to individuals or groups on an expense-incurred basis
20 under health insurance policies or contracts that are issued or delivered in the State.

21 (c) If an entity subject to this section negotiates and enters into a contract with
22 providers to render health care services to insureds at alternative rates of payment, and
23 coinsurance payments are to be based on a percentage of the fee for health care services
24 rendered by a provider, the entity shall calculate the amount of the coinsurance payment
25 to be paid by the insured exclusively from the negotiated alternative rate for the health
26 care service rendered.

27 (d) An entity subject to this section may not charge or collect from an insured a
28 coinsurance payment amount that is greater than the amount calculated under subsection
29 (c) of this section.

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

