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**By: Senator Bromwell**

Introduced and read first time: January 13, 1997

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Care Consumer Information and Education Act**

3 FOR the purpose of requiring, under certain circumstances, certain carriers to disclose  
4 certain information concerning the carrier's operating practices in a certain manner  
5 to enrollees, prospective individual purchasers, and employers; specifying the  
6 information that carriers are required to disclose; specifying the application of this  
7 Act; requiring certain carriers to file certain information with the Insurance  
8 Commissioner; authorizing the Commissioner to adopt regulations; defining certain  
9 terms; and generally relating to requiring certain carriers to disclose certain  
10 information about the carrier's operating practices to certain persons under certain  
11 circumstances.

12 BY adding to

13 Article - Insurance  
14 Section 15-121  
15 Annotated Code of Maryland  
16 (1995 Volume and 1996 Supplement)  
17 (As enacted by Chapter \_\_\_\_\_ (H.B. 11) of the Acts of the General Assembly of 1997)

18 BY adding to

19 Article - Health - General  
20 Section 19-706(n)  
21 Annotated Code of Maryland  
22 (1996 Replacement Volume and 1996 Supplement)

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

25 **Article - Insurance**

26 15-121.

27 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
28 INDICATED.

29 (2) "CARRIER" MEANS:

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- 1 (I) AN INSURER;
- 2 (II) A NONPROFIT HEALTH SERVICE PLAN;
- 3 (III) A HEALTH MAINTENANCE ORGANIZATION;
- 4 (IV) A DENTAL PLAN ORGANIZATION; OR
- 5 (V) ANY PERSON OR ENTITY ACTING AS A THIRD PARTY
- 6 ADMINISTRATOR.

7 (3) "CONTRACT" MEANS ANY WRITTEN AGREEMENT BETWEEN A  
8 PROVIDER AND A CARRIER FOR THE PROVIDER TO RENDER HEALTH CARE  
9 SERVICES TO ENROLLEES OF THE CARRIER.

10 (4) "ENROLLEE" MEANS ANY PERSON ENTITLED TO HEALTH CARE  
11 BENEFITS FROM A CARRIER.

12 (5) "HEALTH CARE SERVICES" MEANS A HEALTH OR MEDICAL CARE  
13 PROCEDURE OR SERVICE RENDERED BY A PROVIDER THAT:

14 (I) PROVIDES TESTING, DIAGNOSIS, OR TREATMENT OF A HUMAN  
15 DISEASE OR DYSFUNCTION; OR

16 (II) DISPENSES DRUGS, MEDICAL DEVICES, MEDICAL APPLIANCES,  
17 OR MEDICAL GOODS FOR THE TREATMENT OF A HUMAN DISEASE OR  
18 DYSFUNCTION.

19 (6) "PRINCIPAL OPERATING PRACTICES" MEANS THE PROCESSES BY  
20 WHICH CARRIERS MAKE DECISIONS ABOUT WHAT SERVICES TO COVER AND PAY  
21 FOR, INCLUDING THE TITLES OF KEY ADMINISTRATIVE AND EXECUTIVE STAFF WHO  
22 MAKE THE DECISIONS.

23 (7) (I) "PROVIDER" MEANS A PERSON OR ENTITY LICENSED,  
24 CERTIFIED, OR OTHERWISE AUTHORIZED UNDER THE HEALTH OCCUPATIONS  
25 ARTICLE OR THE HEALTH - GENERAL ARTICLE TO PROVIDE HEALTH CARE  
26 SERVICES.

27 (II) "PROVIDER" INCLUDES:

- 28 1. A HEALTH CARE FACILITY;
- 29 2. A PHARMACY;
- 30 3. A PROFESSIONAL SERVICES CORPORATION;
- 31 4. A PARTNERSHIP;
- 32 5. A LIMITED LIABILITY COMPANY;
- 33 6. A PROFESSIONAL OFFICE; OR
- 34 7. ANY OTHER ENTITY LICENSED OR AUTHORIZED BY LAW
- 35 TO PROVIDE OR DELIVER PROFESSIONAL HEALTH CARE SERVICES THROUGH OR
- 36 ON BEHALF OF A PROVIDER.

1 (B) THIS SECTION APPLIES TO A CARRIER THAT PROVIDES HEALTH CARE  
2 SERVICES TO ENROLLEES, OR OTHERWISE MAKES HEALTH CARE SERVICES  
3 AVAILABLE TO ENROLLEES, THROUGH CONTRACTS WITH PROVIDERS.

4 (C) (1) EACH CARRIER SHALL DISCLOSE ITS PRINCIPAL OPERATING  
5 PRACTICES, AS IDENTIFIED IN PARAGRAPH (2) OF THIS SUBSECTION:

6 (I) TO AN ENROLLEE OF THE CARRIER:

7 1. ON ENROLLMENT OF THE ENROLLEE IN THE CARRIER'S  
8 HEALTH BENEFIT PLAN;

9 2. DURING THE ENROLLEE'S OPEN ENROLLMENT PERIOD;  
10 AND

11 3. AT ANY TIME, ON THE ENROLLEE'S REQUEST;

12 (II) TO A PROSPECTIVE INDIVIDUAL PURCHASER OF A HEALTH  
13 BENEFIT PLAN THROUGH A CARRIER, ON REQUEST; AND

14 (III) EXCEPT FOR A SMALL EMPLOYER, AS DEFINED UNDER  
15 SUBTITLE 12 OF THIS TITLE, TO AN EMPLOYER, AT LEAST 30 DAYS BEFORE  
16 ENROLLING AN EMPLOYEE OF THE EMPLOYER UNDER A HEALTH BENEFIT PLAN  
17 SPONSORED BY THE EMPLOYER, FOR PURPOSES OF DISTRIBUTING THE  
18 DISCLOSURES TO THE EMPLOYER'S EMPLOYEES.

19 (2) THE PRINCIPAL OPERATING PRACTICES REQUIRED TO BE  
20 DISCLOSED IN PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE THE  
21 INFORMATION DESCRIBED IN SUBSECTIONS (D), (E), AND (F) OF THIS SECTION.

22 (D) (1) EACH CARRIER SHALL IDENTIFY AND DEFINE IN LAYMAN'S TERMS  
23 THE REIMBURSEMENT METHODOLOGY OR METHODOLOGIES THE CARRIER USES  
24 TO REIMBURSE PROVIDERS FOR HEALTH CARE SERVICES RENDERED TO  
25 ENROLLEES, INCLUDING CAPITATION, CASE RATES, DISCOUNTED  
26 FEE-FOR-SERVICE, AND FEE-FOR-SERVICE REIMBURSEMENT METHODOLOGIES.

27 (2) A CARRIER THAT USES A CAPITATED REIMBURSEMENT  
28 METHODOLOGY TO REIMBURSE PROVIDERS SHALL PROVIDE A SUMMARY OF THE  
29 CAPITATED HEALTH BENEFIT PLAN OR PLANS THAT COVER AT LEAST 75% OF ITS  
30 ENROLLEES, INCLUDING:

31 (I) THE HEALTH CARE SERVICES FOR WHICH CAPITATION  
32 APPLIES AND FOR WHICH PROVIDERS ARE AT FINANCIAL RISK; AND

33 (II) THE PRESENCE OF ANY STOP-LOSS PROVISIONS THAT  
34 MITIGATE A PROVIDER'S LEVEL OF FINANCIAL RISK.

35 (3) IN ADDITION TO PARAGRAPH (2) OF THIS SUBSECTION, A CARRIER  
36 SHALL PROVIDE A SUMMARY OF THE DEGREE TO WHICH A CAPITATED PROVIDER IS  
37 RESPONSIBLE FOR PAYING FOR PARTICULAR HEALTH CARE SERVICES, INCLUDING:

38 (I) LABORATORY AND DIAGNOSTIC TESTING;

39 (II) REFERRALS TO SPECIALTY PHYSICIANS;

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1 (III) HOSPITAL CARE; AND

2 (IV) PRESCRIPTION DRUGS.

3 (4) FOR ANY HEALTH BENEFIT PLAN USED BY A CARRIER THAT  
4 REIMBURSES PROVIDERS ON A CAPITATED BASIS THAT IS NOT INCLUDED IN  
5 PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, ON REQUEST OF AN ENROLLEE OR  
6 PROSPECTIVE ENROLLEE, THE CARRIER SHALL IDENTIFY IN WRITING THE PLAN OR  
7 PLANS AND PROVIDE INFORMATION IN SUMMARY FORM TO THE ENROLLEE OR  
8 PROSPECTIVE ENROLLEE REGARDING THE PLAN OR PLANS.

9 (E) (1) EACH CARRIER SHALL PROVIDE A SUMMARY OF:

10 (I) THOSE HEALTH CARE SERVICES FOR WHICH THE CARRIER  
11 PROVIDES COVERAGE AND PAYMENT; AND

12 (II) THE PROCESS THAT THE CARRIER FOLLOWS TO DETERMINE  
13 WHICH HEALTH CARE SERVICES FOR WHICH TO PROVIDE COVERAGE OR  
14 ELIMINATE COVERAGE.

15 (2) THE CARRIER SHALL:

16 (I) IDENTIFY THE TITLES OF KEY PERSONNEL OF THE CARRIER  
17 WHO ARE INVOLVED IN MAKING COVERAGE DECISIONS; AND

18 (II) DISCLOSE WHETHER OUTSIDE CONSULTANTS OR EXTERNAL  
19 RESOURCES, INCLUDING FEDERAL OR STATE AGENCIES, TRADE GROUPS, AND  
20 TECHNOLOGY COUNCILS, ARE USED BY THE CARRIER TO ASSIST THE CARRIER IN  
21 MAKING COVERAGE DECISIONS FOR INDIVIDUAL ENROLLEES OR FOR THE  
22 CARRIER'S ENTIRE ENROLLED POPULATION.

23 (F) (1) EACH CARRIER SHALL DISCLOSE THE DISTRIBUTION OF EACH \$100  
24 IT RECEIVES IN PREMIUM DOLLARS FROM ENROLLEES.

25 (2) THE DISCLOSURE SHALL BE IN THE FORM OF A PIE CHART OR BAR  
26 GRAPH WITH DESCRIPTIVE TERMS IN LAYMAN'S LANGUAGE THAT IDENTIFIES:

27 (I) THE PROPORTION OF EVERY \$100 IN PREMIUM DOLLARS THAT  
28 THE CARRIER USES TO PAY PROVIDERS FOR THE DIRECT PROVISION OF HEALTH  
29 CARE SERVICES TO ENROLLEES, INCLUDING WHAT PROPORTION IS FOR DIRECT  
30 MEDICAL CARE EXPENSES;

31 (II) THE PROPORTION OF EVERY \$100 IN PREMIUM DOLLARS THAT  
32 THE CARRIER USES TO PAY FOR PLAN ADMINISTRATION;

33 (III) THE PROPORTION OF EVERY \$100 IN PREMIUM DOLLARS THAT  
34 THE CARRIER USES TO PAY FOR THE MARKETING AND ADVERTISING ACTIVITIES OF  
35 THE CARRIER; AND

36 (IV) IF THE CARRIER IS A FOR-PROFIT PUBLICLY TRADED ENTITY,  
37 THE PROPORTION OF EVERY \$100 IN PREMIUM DOLLARS THAT THE CARRIER OR ITS  
38 PARENT CORPORATION USES TO PAY FOR CASH DIVIDENDS DISTRIBUTED TO  
39 SHAREHOLDERS OF THE CARRIER.

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1 (G) THE DISCLOSURES REQUIRED UNDER SUBSECTION (C) OF THIS SECTION  
2 SHALL BE IN A FORM THAT INCLUDES:

3 (1) A GLOSSARY OF TERMS; AND

4 (2) AN EXECUTIVE SUMMARY.

5 (H) EACH YEAR, A CARRIER SHALL:

6 (1) UPDATE THE DISCLOSURES REQUIRED UNDER SUBSECTION (C) OF  
7 THIS SECTION; AND

8 (2) FILE THE DISCLOSURES WITH THE COMMISSIONER.

9 (I) THE COMMISSIONER:

10 (1) SHALL ESTABLISH A PROCESS FOR:

11 (I) THE ANNUAL FILING OF THE DISCLOSURES REQUIRED UNDER  
12 SUBSECTION (C) OF THIS SECTION; AND

13 (II) MAKING THE DISCLOSURES AVAILABLE FOR INSPECTION AND  
14 REVIEW BY THE GENERAL PUBLIC; AND

15 (2) MAY ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

16 (J) THE COMMISSIONER MAY ISSUE AN ORDER UNDER § 4-113(D) OF THIS  
17 ARTICLE IF THE COMMISSIONER FINDS A VIOLATION OF THIS SECTION.

18 **Article - Health - General**

19 19-706.

20 (N) THE PROVISIONS OF § 15-121 OF THE INSURANCE ARTICLE SHALL APPLY  
21 TO HEALTH MAINTENANCE ORGANIZATIONS.

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