
By: Senator Derr

Introduced and read first time: January 31, 1997

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Maintenance Organizations - Claims by Nonparticipating Providers**

3 FOR the purpose of requiring a health maintenance organization to pay a certain
4 nonparticipating provider at a certain time and rate for certain services; requiring a
5 certain health maintenance organization to disclose its payment methodology to a
6 nonparticipating provider on request; requiring a nonparticipating provider to
7 submit the provider's completed claim for service to a health maintenance
8 organization within a certain time; authorizing a health maintenance organization to
9 seek reimbursement from its enrollee for a certain payment made to a
10 nonparticipating provider; requiring a nonparticipating provider on a certain
11 request to provide certain claims documentation to a health maintenance
12 organization; defining certain terms; and generally relating to claims of certain
13 providers and health maintenance organizations.

14 BY repealing and reenacting, with amendments,
15 Article - Health - General
16 Section 19-710.1
17 Annotated Code of Maryland
18 (1996 Replacement Volume and 1996 Supplement)

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

21 **Article - Health - General**

22 19-710.1.

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

24 (2) "Enrollee" means a subscriber or member of the health maintenance
25 organization.

26 (3) "Covered service" means a health care service included in the benefit
27 package of the health maintenance organization and rendered to an enrollee of the health
28 maintenance organization by a health care provider, including [a physician or hospital,
29 not under written contract with the health maintenance organization] A

30 NONPARTICIPATING PROVIDER:

2

1 (i) Pursuant to a verbal or written referral by the enrollee's health
2 maintenance organization or by a provider under written contract with the enrollee's
3 health maintenance organization; or

4 (ii) That has been preauthorized or otherwise approved either verbally
5 or in writing by the enrollee's health maintenance organization or a provider under
6 written contract with the enrollee's health maintenance organization.

7 (4) "Adjunct claims documentation" means an abstract of an enrollee's
8 medical record which describes and summarizes the diagnosis and treatment of, and
9 services rendered to, the enrollee.

10 (5) (I) "NONPARTICIPATING PROVIDER" MEANS A HEALTH CARE
11 PROVIDER.

12 (II) "NONPARTICIPATING PROVIDER" INCLUDES A PHYSICIAN OR
13 HOSPITAL THAT IS NOT UNDER A WRITTEN CONTRACT WITH THE HEALTH
14 MAINTENANCE ORGANIZATION OR ITS AGENT TO WHICH THE PHYSICIAN OR
15 HOSPITAL SUBMITS A CLAIM.

16 (b) (1) In addition to any other provisions of this subtitle, for a covered service
17 rendered to an enrollee of a health maintenance organization by a [health care provider
18 not under written contract with the health maintenance organization]
19 NONPARTICIPATING PROVIDER, the health maintenance organization or its agent:

20 (i) Shall pay the [health care] NONPARTICIPATING provider within
21 30 days after the receipt of a claim in accordance with the applicable provisions of this
22 subtitle; and

23 (ii) Shall pay the claim submitted by:

24 1. A hospital at the rate approved by the Health Services Cost
25 Review Commission; and

26 2. Any other [health care] NONPARTICIPATING provider at
27 the rate billed or at the usual, customary, and reasonable rate.

28 (2) A health maintenance organization that pays a [health care]
29 NONPARTICIPATING provider at the usual, customary, and reasonable rate:

30 (i) Except for services rendered to medical assistance recipients, may
31 not use Medicare, Medicaid, or workers' compensation payments as part of any
32 methodology used to determine a payment at the usual, customary, and reasonable rate;
33 and

34 (ii) On request of the [health care] NONPARTICIPATING provider,
35 shall disclose the methodology used to determine the amount of payment.

36 (C) TO RECEIVE PAYMENT FOR SERVICES, A NONPARTICIPATING PROVIDER
37 SHALL SUBMIT A COMPLETED CLAIM TO A HEALTH MAINTENANCE ORGANIZATION
38 WITHIN 90 DAYS FROM THE DATE THE NONPARTICIPATING PROVIDER RENDERS
39 THE SERVICE TO AN ENROLLEE OF THE HEALTH MAINTENANCE ORGANIZATION.

1 [(c)] (D) (1) A health maintenance organization may seek reimbursement from
2 an enrollee for any payment under subsection (b) of this section for a claim or portion of
3 a claim submitted by a [health care] NONPARTICIPATING provider and paid by the
4 health maintenance organization that the health maintenance organization determines is
5 the responsibility of the enrollee.

6 (2) The health maintenance organization may request and the [health
7 care] NONPARTICIPATING provider shall provide adjunct claims documentation to assist
8 in making the determination under paragraph (1) of this subsection or under subsection
9 (b) of this section.

10 [(d)] (E) In addition to any other penalties under this subtitle, the Commissioner
11 may impose a penalty not to exceed \$5,000 on any health maintenance organization which
12 violates the provisions of this section if the violation is committed with such frequency as
13 to indicate a general business practice of the health maintenance organization.

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