
By: Senators Teitelbaum, Della, Astle, and Stoltzfus

Introduced and read first time: January 31, 1997

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance Carriers - Assignment, Transfer, or Subcontract of Providers'**
3 **Contracts**

4 FOR the purpose of prohibiting health insurance carriers from assigning, transferring, or
5 subcontracting a health care provider's contract with the carrier without informing
6 the provider and obtaining certain consent except in certain cases; prohibiting a
7 carrier from terminating, limiting, or impairing the contract or employment of a
8 provider with the carrier on the basis that the provider refused to agree to an
9 assignment, transfer, or subcontract of the contract; and generally relating to the
10 assignment, transfer, or subcontract of contracts of health care providers with
11 health insurance carriers.

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
18 1997)

19 BY adding to

20 Article - Health - General
21 Section 19-706(n)
22 Annotated Code of Maryland
23 (1996 Replacement Volume and 1996 Supplement)

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

26 **Article - Insurance**

27 15-121.

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

30 (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 OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS
- 6 SUBJECT TO REGULATION BY THE STATE.

7 (3) "CONTRACT" MEANS THE IMPLIED OR EXPRESS AGREEMENT
8 BETWEEN A HEALTH CARE PROVIDER AND CARRIER, INCLUDING THE RIGHTS,
9 OBLIGATIONS, AND FEE SCHEDULE FOR THE PROVISION OF HEALTH CARE
10 SERVICES.

11 (4) "HEALTH CARE PROVIDER" MEANS AN INDIVIDUAL WHO IS
12 LICENSED, CERTIFIED, OR OTHERWISE AUTHORIZED UNDER THE HEALTH
13 OCCUPATIONS ARTICLE TO PROVIDE HEALTH CARE SERVICES.

14 (B) (1) EXCEPT IN CASES OF CONSOLIDATION, ACQUISITION, OR MERGER
15 BY A CARRIER, A CARRIER MAY NOT IN ANY MANNER ASSIGN, TRANSFER, OR
16 SUBCONTRACT A HEALTH CARE PROVIDER'S CONTRACT, WHOLLY OR PARTLY,
17 WITHOUT FIRST INFORMING THE HEALTH CARE PROVIDER AND OBTAINING THE
18 HEALTH CARE PROVIDER'S EXPRESS WRITTEN CONSENT.

19 (2) A CARRIER MAY NOT TERMINATE, LIMIT, OR OTHERWISE IMPAIR
20 THE CONTRACT OR EMPLOYMENT OF A HEALTH CARE PROVIDER WITH THE
21 CARRIER ON THE BASIS THAT THE HEALTH CARE PROVIDER REFUSED TO AGREE
22 TO AN ASSIGNMENT, TRANSFER, OR SUBCONTRACT OF ALL OR PART OF THE
23 HEALTH CARE PROVIDER'S CONTRACT.

24 **Article - Health - General**

25 19-706.

26 (N) THE PROVISIONS OF § 15-121 OF THE INSURANCE ARTICLE APPLY TO
27 HEALTH MAINTENANCE ORGANIZATIONS.

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