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**By: Senators Van Hollen, Teitelbaum, and ~~Dorman~~ Dorman, and Pinsky**

Introduced and read first time: January 31, 1997

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 18, 1997

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CHAPTER \_\_\_\_

1 AN ACT concerning

2 **Patient Protection Act**

3 FOR the purpose of prohibiting certain health insurance carriers from offering or paying  
4 bonuses and other incentive-based compensation to health care practitioners under  
5 certain circumstances; ~~and~~ specifying the construction of this Act; providing for the  
6 application of this Act; and generally relating to prohibiting certain health  
7 insurance carriers from offering or paying bonuses and other incentive-based  
8 compensation to health care practitioners.

9 BY repealing and reenacting, with amendments,

10 Article 48A - Insurance Code

11 Section 490DD

12 Annotated Code of Maryland

13 (1994 Replacement Volume and 1996 Supplement)

14 BY repealing and reenacting, with amendments,

15 Article - Insurance

16 Section 15-113

17 Annotated Code of Maryland

18 (1995 Volume and 1996 Supplement)

19 (As enacted by Chapter \_\_\_\_ (H.B. 11) of the Acts of the General Assembly of 1997)

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

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

2

1 **Article 48A - Insurance Code**

2 490DD.

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

4 (2) "Carrier" means:

5 (i) An insurer;

6 (ii) A nonprofit health service plan;

7 (iii) A health maintenance organization;

8 (iv) A dental plan organization; or

9 (v) Any other person or organization that provides health benefit  
10 plans subject to State regulation.

11 (3) "Health care practitioner" means any individual who is licensed,  
12 certified, or otherwise authorized under the Health Occupations Article to provide health  
13 care services.

14 (b) A carrier may not reimburse a health care practitioner in an amount less than  
15 the sum or rate negotiated in the carrier's provider contract with the health care  
16 practitioner.

17 [(c) This section does not prohibit a carrier from providing bonuses or other  
18 incentive-based compensation to a health care practitioner if the bonus or other  
19 incentive-based compensation does not:

20 (1) Violate the provisions of § 19-705.1 of the Health - General Article; or

21 (2) Deter the delivery of medically appropriate care to an enrollee.]

22 (C) (1) A CARRIER MAY NOT OFFER OR PAY BONUSES, INCENTIVES, OR  
23 OTHER FINANCIAL COMPENSATION, DIRECTLY OR INDIRECTLY, TO A HEALTH CARE  
24 PRACTITIONER OR CREATE ANY FINANCIAL DISINCENTIVES FOR A HEALTH CARE  
25 PRACTITIONER THAT WOULD, BY THEIR APPLICATION, INDUCE THE HEALTH CARE  
26 PRACTITIONER TO DENY, WITHHOLD, OR DELAY THE PROVISION OF MEDICALLY  
27 NECESSARY OR APPROPRIATE CARE TO AN ENROLLEE OR INSURED THAT THE  
28 ENROLLEE OR INSURED IS OTHERWISE ENTITLED TO RECEIVE UNDER THE  
29 ENROLLEE'S OR INSURED'S CONTRACT OR POLICY WITH THE CARRIER.

30 (2) THIS SUBSECTION DOES NOT PROHIBIT A CARRIER FROM USING  
31 CAPITATED RATES TO REIMBURSE A HEALTH CARE PRACTITIONER FOR HEALTH  
32 CARE SERVICES PROVIDED TO ITS ENROLLEES OR INSUREDS.

33 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
34 read as follows:

3

1 **Article - Insurance**

2 15-113.

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

4 (2) "Carrier" means:

5 (i) an insurer;

6 (ii) a nonprofit health service plan;

7 (iii) a health maintenance organization;

8 (iv) a dental plan organization; or

9 (v) any other person that provides health benefit plans subject to

10 regulation by the State.

11 (3) "Health care practitioner" means an individual who is licensed, certified,  
12 or otherwise authorized under the Health Occupations Article to provide health care  
13 services.

14 (b) A carrier may not reimburse a health care practitioner in an amount less than  
15 the sum or rate negotiated in the carrier's provider contract with the health care  
16 practitioner.

17 [(c) This section does not prohibit a carrier from providing bonuses or other  
18 incentive-based compensation to a health care practitioner if the bonus or other  
19 incentive-based compensation does not:

20 (1) violate Sec. 19-705.1 of the Health - General Article; or

21 (2) deter the delivery of medically appropriate care to an enrollee.]

22 (C) (1) A CARRIER MAY NOT OFFER OR PAY BONUSES, INCENTIVES, OR  
23 OTHER FINANCIAL COMPENSATION, DIRECTLY OR INDIRECTLY, TO A HEALTH CARE  
24 PRACTITIONER OR CREATE ANY FINANCIAL DISINCENTIVES FOR A HEALTH CARE  
25 PRACTITIONER THAT WOULD, BY THEIR APPLICATION, INDUCE THE HEALTH CARE  
26 PRACTITIONER TO DENY, WITHHOLD, OR DELAY THE PROVISION OF MEDICALLY  
27 NECESSARY OR APPROPRIATE CARE TO AN ENROLLEE OR INSURED THAT THE  
28 ENROLLEE OR INSURED IS OTHERWISE ENTITLED TO RECEIVE UNDER THE  
29 ENROLLEE'S OR INSURED'S CONTRACT OR POLICY WITH THE CARRIER.

30 (2) THIS SUBSECTION DOES NOT PROHIBIT A CARRIER FROM USING  
31 CAPITATED RATES TO REIMBURSE A HEALTH CARE PRACTITIONER FOR HEALTH  
32 CARE SERVICES PROVIDED TO ITS ENROLLEES OR INSUREDS.

33 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall apply to  
34 contracts issued on or after July 1, 1997 and to the renewal of contracts in effect before  
35 July 1, 1997, except that any contract in effect before July 1, 1997 shall comply with the  
36 provisions of this Act no later than July 1, 1998.

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1           SECTION ~~2- 4~~. AND BE IT FURTHER ENACTED, That Sections 1 and 3 of this  
2 Act shall take effect ~~October~~ July 1, 1997.

3           SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
4 take effect October 1, 1997.