

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL NO. 874

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 9, strike “establishing a certain penalty;” and substitute “altering a certain provision of law related to prohibited acts of health maintenance organizations; altering a certain penalty;”; and in line 13, after “19-712.5” insert “, 19-729, and 19-730”.

AMENDMENT NO. 2

On page 2, strike in their entirety lines 36 through 38, inclusive.

On page 3, strike in their entirety lines 37 through 39, inclusive, and substitute:

“SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Health - General

19-729.

(a) A health maintenance organization may not:

(1) Violate any provision of this subtitle or any rule or regulation adopted under it;

(2) Fail to fulfill its obligations to provide the health care services specified in its contracts with subscribers;

(3) Make any false statement with respect to any report or statement required by this subtitle or by the Commissioner under this subtitle;

(Over)

(4) Advertise, merchandise, or attempt to merchandise its services in a way that misrepresents its services or capacity for service;

(5) Engage in a deceptive, misleading, unfair, or unauthorized practice as to advertising or merchandising;

(6) Prevent or attempt to prevent the Commissioner or the Department from performing any duty imposed by this subtitle;

(7) Fraudulently obtain or fraudulently attempt to obtain any benefit under this subtitle;

(8) Fail to fulfill the basic requirements to operate as a health maintenance organization as provided in § 19-710 of this subtitle;

(9) Violate any applicable provision of Title 15, Subtitle 12 of the Insurance Article;
[or]

(10) Fail to provide services to a member in a timely manner as provided in § 19-705.1(b)(1) of this subtitle; OR

(11) VIOLATE ANY PROVISION OF § 19-712.5 OF THIS SUBTITLE.

(b) If any health maintenance organization violates this section, the Commissioner may pursue any one or more of the courses of action described in § 19-730 of this subtitle.

19-730.

If any person violates any provision of § 19-729 of this subtitle, the Commissioner may:

(1) Issue an administrative order that requires the health maintenance organization to:

(i) Cease inappropriate conduct or practices by it or any of the personnel

employed or associated with it;

(ii) Fulfill its contractual obligations;

(iii) Provide a service that has been denied improperly;

(iv) Take appropriate steps to restore its ability to provide a service that is provided under a contract;

(v) Cease the enrollment of any additional enrollees except newborn children or other newly acquired dependents or existing enrollees; or

(vi) Cease any advertising or solicitation;

(2) Impose a penalty of not more than [~~\$1,000~~] \$5,000 for each unlawful act committed;

(3) Suspend or revoke the certificate of authority to do business as a health maintenance organization; or

(4) Apply to any court for legal or equitable relief considered appropriate by the Commissioner or the Department, in accordance with the joint internal procedures.”;

and in line 40, strike “3.” and substitute “4.”.

On page 4, in line 3, strike “4.” and substitute “5.”; and after line 4, insert:

“SECTION 6. AND BE IT FURTHER ENACTED, That, subject to Sections 4 and 5 of this Act, this Act shall take effect July 1, 1998.”.

(Over)