

HOUSE BILL 860

Unofficial Copy  
C3  
SB 645/97 - FIN

1998 Regular Session  
8lr2155  
CF 8lr2156

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By: **Delegate Exum**

Introduced and read first time: February 12, 1998

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 11, 1998

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

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

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

13 BY adding to  
14     Article - Insurance  
15     Section 15-124  
16     Annotated Code of Maryland  
17     (1997 Volume)

18 BY adding to  
19     Article - Health - General  
20     Section 19-706(y)  
21     Annotated Code of Maryland  
22     (1996 Replacement Volume and 1997 Supplement)

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

1

**Article - Insurance**

2 15-124.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
4 INDICATED.

5 (2) ~~(I)~~ "CARRIER" MEANS:

6 ~~(⊕)~~ 1. AN INSURER;

7 ~~(⊕)~~ 2. A NONPROFIT HEALTH SERVICE PLAN;

8 ~~(⊕)~~ 3. A HEALTH MAINTENANCE ORGANIZATION;

9 ~~(⊕)~~ 4. A DENTAL PLAN ORGANIZATION; OR

10 ~~(⊕)~~ 5. ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT  
11 PLANS SUBJECT TO REGULATION BY THE STATE.

12 ~~(II)~~ "CARRIER" INCLUDES AN ENTITY THAT ARRANGES A PROVIDER  
13 PANEL FOR A CARRIER.

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

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

20 (B) (1) A CARRIER MAY NOT IN ANY MANNER ASSIGN, TRANSFER, OR  
21 SUBCONTRACT A HEALTH CARE PROVIDER'S CONTRACT, WHOLLY OR PARTLY, TO AN  
22 INSURER THAT OFFERS PERSONAL INJURY PROTECTION COVERAGE UNDER § 19-505  
23 OF THIS ARTICLE WITHOUT FIRST INFORMING THE HEALTH CARE PROVIDER AND  
24 OBTAINING THE HEALTH CARE PROVIDER'S EXPRESS WRITTEN CONSENT.

25 (2) A CARRIER MAY NOT TERMINATE, LIMIT, OR OTHERWISE IMPAIR THE  
26 CONTRACT OR EMPLOYMENT OF A HEALTH CARE PROVIDER WITH THE CARRIER ON  
27 THE BASIS THAT THE HEALTH CARE PROVIDER REFUSED TO AGREE TO AN  
28 ASSIGNMENT, TRANSFER, OR SUBCONTRACT OF ALL OR PART OF THE HEALTH CARE  
29 PROVIDER'S CONTRACT TO AN INSURER THAT OFFERS PERSONAL INJURY  
30 PROTECTION COVERAGE UNDER § 19-505 OF THIS ARTICLE.

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**Article - Health - General**

32 19-706.

33 (Y) THE PROVISIONS OF § 15-124 OF THE INSURANCE ARTICLE APPLY TO  
34 HEALTH MAINTENANCE ORGANIZATIONS.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 October 1, 1998.