
By: **Delegates Bonsack, Guns, W. Baker, Bozman, Conroy, DeCarlo, Faulkner, Harkins, Holt, Pitkin, Barve, Benson, Boston, Branch, E. Burns, D. Davis, Brinkley, Beck, Cadden, Conway, Cryor, C. Davis, Donoghue, Dypski, Elliott, Finifter, Eckardt, Stup, McHale, Frush, Fulton, Getty, Goldwater, Hammen, Harrison, Healey, Heller, Howard, Hubbard, D. Hughes, Hutchins, Kagan, Kelly, Klausmeier, Klima, Kirk, Kopp, Krysiak, Leopold, Linton, Malone, McClenahan, McIntosh, McKee, Miller, Edwards, Watson, Marriott, C. Mitchell, Mohorovic, Morhaim, Oaks, Muse, Perry, Preis, Rudolph, Rzepkowski, Stocksdale, Stull, Weir, Hecht, Workman, Turner, Poole, Shriver, Owings, Nathan-Pulliam, Jacobs, Comeau, Rawlings, and Walkup**

Introduced and read first time: February 13, 1998
Assigned to: Environmental Matters and Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Health Maintenance Organizations - Quality of Care - Requirements**

3 FOR the purpose of requiring a medical director of a health maintenance organization
4 to satisfy a certain qualification; requiring health maintenance organizations to
5 assure that only a physician or other health care provider decides what health
6 care services will be used to evaluate and treat a medical complaint of a
7 member; requiring health maintenance organizations to allow physicians and
8 allied health care providers to practice without interference into the delivery of
9 health care services to members; and generally relating to quality of care
10 requirements of health maintenance organizations.

11 BY repealing and reenacting, with amendments,
12 Article - Health - General
13 Section 19-705.1(b), 19-708, and 19-710(f)
14 Annotated Code of Maryland
15 (1996 Replacement Volume and 1997 Supplement)

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

18 **Article - Health - General**

19 19-705.1.

20 (b) The standards of quality of care shall include:

1 (1) (i) A requirement that a health maintenance organization shall
2 provide for regular hours during which a member may receive services, including
3 providing for services to a member in a timely manner that takes into account the
4 immediacy of need for services; and

5 (ii) Provisions for assuring that all covered services, including any
6 services for which the health maintenance organization has contracted, are accessible
7 to the enrollee with reasonable safeguards with respect to geographic locations.

8 (2) A requirement that a health maintenance organization shall have a
9 system for providing a member with 24-hour access to a physician in cases where
10 there is an immediate need for medical services, and for promoting timely access to
11 and continuity of health care services for members, including:

12 (i) Providing 24-hour access by telephone to a person who is able
13 to appropriately respond to calls from members and providers concerning after-hours
14 care; and

15 (ii) Providing a 24-hour toll free telephone access system for use in
16 hospital emergency departments in accordance with § 19-705.6 of this subtitle.

17 (3) A requirement that any nonparticipating provider shall submit to the
18 health maintenance organization the appropriate documentation of the medical
19 complaint of the member and the services rendered;

20 (4) A requirement that a health maintenance organization shall have a
21 physician available at all times to provide diagnostic and treatment services;

22 (5) A requirement that a health maintenance organization shall assure
23 that:

24 (i) Each member who is seen for a medical complaint is evaluated
25 under the direction of a physician AND THAT ONLY THE ATTENDING PHYSICIAN OR
26 OTHER HEALTH CARE PROVIDER, IN CONSULTATION WITH THE MEMBER, DECIDES
27 WHAT HEALTH CARE SERVICES ARE TO BE PROVIDED, OR ARRANGED TO BE
28 PROVIDED, TO THE MEMBER FOR PURPOSES OF EVALUATING AND TREATING THE
29 MEDICAL COMPLAINT; and

30 (ii) Each member who receives diagnostic evaluation or treatment
31 is under the direct medical management of a health maintenance organization
32 physician who provides continuing medical management; and

33 (6) A requirement that each member shall have an opportunity to select
34 a primary physician from among those available to the health maintenance
35 organization.

1 19-708.

2 (a) An applicant for a certificate to operate as a health maintenance
3 organization shall submit an application to the Commissioner on the form that the
4 Commissioner requires.

5 (b) The application shall include or be accompanied by:

6 (1) A copy of the basic health maintenance organizational document and
7 any amendments to it that, where applicable, are certified by the Department of
8 Assessments and Taxation;

9 (2) A copy of the bylaws of the health maintenance organization, if any,
10 that are certified by the appropriate officer;

11 (3) A list of the individuals who are to be responsible for the conduct of
12 the affairs of the health maintenance organization, including all members of the
13 governing body, the officers and directors if it is a corporation, and the partners or
14 associates if it is a partnership or association;

15 (4) The addresses of those individuals and their official capacity with the
16 health maintenance organization;

17 (5) A statement by each individual referred to in item (3) of this
18 subsection that fully discloses the extent and nature of any contract or arrangement
19 between the individual and the health maintenance organization and any possible
20 conflict of interest;

21 (6) A resume of the qualifications of:

22 (i) The administrator;

23 (ii) The medical director;

24 (iii) The enrollment director; and

25 (iv) Any other individual who is associated with the health
26 maintenance organization that the Commissioner and the Secretary request under
27 their joint internal procedures;

28 (7) A statement that describes generally:

29 (i) The health maintenance organization, including:

30 1. Its operations;

31 2. Its enrollment process;

32 3. Its quality assurance mechanism; and

33 4. Its internal grievance procedures;

1 (ii) The methods the health maintenance organization proposes to
2 use to offer its members and public representatives an opportunity to participate in
3 matters of policy and operation;

4 (iii) The location of the facilities where health care services will be
5 available regularly to members;

6 (iv) The type and specialty of physicians and health care personnel
7 who are engaged to provide health care services;

8 (v) The number of physicians and personnel in each category; and

9 (vi) The health and medical records system to provide
10 documentation of use by members;

11 (8) The form of each contract that the health maintenance organization
12 proposes to offer to subscribers showing the benefits to which they are entitled and a
13 table of the rates charged or proposed to be charged for each form of contract;

14 (9) A statement that describes with reasonable certainty each geographic
15 area to be served by the health maintenance organization;

16 (10) A statement of the financial condition of the health maintenance
17 organization, including:

18 (i) Sources of financial support;

19 (ii) A balance sheet showing assets, liabilities, and minimum
20 tangible net worth; and

21 (iii) Any other financial information the Commissioner requires for
22 adequate financial evaluation;

23 (11) Copies of any proposed advertising and proposed techniques and
24 methods of selling the services of the health maintenance organization;

25 (12) A power of attorney that is executed by the health maintenance
26 organization appointing the Commissioner as agent of the organization in this State
27 to accept service of process in any action, proceeding, or cause of action arising in this
28 State against the health maintenance organization; and

29 (13) Copies of the agreements proposed to be made between the health
30 maintenance organizations and providers of health care services.

31 19-710.

32 (f) (1) The terms of the contracts to be offered to subscribers shall provide
33 that the health care services provided to members of the health maintenance
34 organization will meet reasonable standards of quality of care that are applicable to
35 the geographic area to be served, as approved by the Department.

1 (2) If a health maintenance organization offers services that are within
2 the scope of practice of a physician and another health care practitioner who is
3 licensed under the Health Occupations Article, the health maintenance organization
4 shall offer those services through other licensed health care practitioners, where
5 appropriate, as determined by the health maintenance organization.

6 (3) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1) OF THIS
7 SUBSECTION, A HEALTH MAINTENANCE ORGANIZATION SHALL ALLOW PHYSICIANS
8 AND ALL ALLIED HEALTH CARE PROVIDERS TO PRACTICE THEIR PROFESSION AS
9 MEDICALLY NECESSARY WITHOUT INTERFERENCE IN THE DELIVERY OF HEALTH
10 CARE SERVICES TO A MEMBER.

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