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By: **Delegates McHale and Donoghue**

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Committee Report: Favorable

House action: Adopted

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Health Maintenance Organizations - Annual External Review of Quality**

3 FOR the purpose of requiring the Department of Health and Mental Hygiene to  
4 conduct an annual external review of the quality of health care services of  
5 health maintenance organizations under certain circumstances.

6 BY repealing and reenacting, with amendments,  
7 Article - Health - General  
8 Section 19-705.1(f)  
9 Annotated Code of Maryland  
10 (1996 Replacement Volume and 1997 Supplement)

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

13 **Article - Health - General**

14 19-705.1.

15 (f) (1) Except as provided in paragraph (5) of this subsection, the  
16 Department shall conduct an ANNUAL external review of the quality of the health  
17 services of the health maintenance organization in a manner that the Department  
18 considers to be appropriate.

19 (2) The external review shall be conducted by:

- 1 (i) A panel of physicians and other health professionals that  
2 consists of persons who:
- 3 1. Have been approved by the Department;
- 4 2. Have substantial experience in the delivery of health care  
5 in a health maintenance organization setting, but who are not members of the health  
6 maintenance organization staff or performing professional services for the health  
7 maintenance organization; and
- 8 3. Reside outside the area serviced by the health  
9 maintenance organization;
- 10 (ii) The Department; or
- 11 (iii) A federally-approved professional standards review  
12 organization.
- 13 (3) The final decision on the type of external review that is to be  
14 employed rests solely with the Secretary.
- 15 (4) The external review shall consist of a review and evaluation of:
- 16 (i) An internal peer review system and reports;
- 17 (ii) The program plan of the health maintenance organization to  
18 determine if it is adequate and being followed;
- 19 (iii) The professional standards and practices of the health  
20 maintenance organization in every area of services provided;
- 21 (iv) The grievances relating specifically to the delivery of medical  
22 care, including their final disposition;
- 23 (v) The physical facilities and equipment; and
- 24 (vi) A statistically representative sample of member records.
- 25 (5) (i) The Secretary may accept all or part of a report of an approved  
26 accrediting organization as meeting the external review requirements under this  
27 subtitle.
- 28 (ii) Except as provided in subparagraph (iii) of this paragraph, a  
29 report of an approved accrediting organization used by the Department as meeting  
30 the external review requirements under this subtitle shall be made available to the  
31 public on request.
- 32 (iii) The Department may not disclose and shall treat as  
33 confidential all confidential commercial and financial information contained in a  
34 report of an approved accrediting organization in accordance with § 10-617(d) of the  
35 State Government Article.

1 (iv) The Department may inspect a facility of a health maintenance  
2 organization to:

- 3 1. Determine compliance with any quality requirement  
4 established under this subtitle;
- 5 2. Follow up on a serious problem identified by an approved  
6 accrediting organization; or
- 7 3. Investigate a complaint.

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