Unofficial Copy 1998 Regular Session
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By: **Senator Astle**
Introduced and read first time: February 6, 1998
Assigned to: Finance

A BILL ENTITLED

AN ACT concerning

Health Insurance - Complaint Process for Adverse Decisions and Grievances

FOR the purpose of requiring a carrier to establish a certain internal grievance process for its members; requiring a carrier to file a copy of its internal grievance process with the Maryland Insurance Commissioner and the Health Education and Advocacy Unit in the Division of Consumer Protection of the Office of the Attorney General; requiring a carrier to provide certain information about the internal grievance process to a member under certain circumstances; requiring a carrier to send a member or certain other individuals written notice of an adverse decision or grievance decision under certain circumstances; specifying the contents of the notice; requiring that certain information related to the internal grievance process be included in a policy, certificate, enrollment materials, or other evidence of coverage a carrier provides to a member; specifying that a carrier has the burden of persuasion that its grievance decision or adverse decision is correct during a certain review by the Commissioner; authorizing the Commissioner to seek and receive certain advice from an independent review organization or certain other persons under certain circumstances; requiring the Commissioner to make a final decision on all complaints filed that are within the Commissioner's jurisdiction; authorizing the Commissioner to issue certain orders under certain circumstances; requiring the Commissioner to adopt regulations; requiring certain persons to prepare and publish certain annual reports; providing that the failure of an insurer or nonprofit health service plan to satisfy the provisions of this Act is an unfair claim settlement practice; transferring the administrative and enforcement responsibility for private review agents to the Insurance Commissioner; authorizing the State Board of Physician Quality Assurance to discipline physicians who have certain responsibilities relating to a system of delivery of health care services; providing a certain exception to the Board's disciplinary authority; requiring the Health Education and Advocacy Unit and the Commissioner to enter into a certain Memorandum of Understanding by a certain date; requiring the Health Education and Advocacy Unit to make certain recommendations to certain committees of the General Assembly by a certain date; providing for the termination of certain provisions of this Act; altering certain definitions; defining certain terms; and generally relating to a carrier's

internal grievance process for members.

BY transferring
Article - Health - General
Section 19-1301 through 19-1305, 19-1305.1, 19-1305.2, 19-1305.3, 19-1305.4, 19-1306 through 19-1311, 19-1311.1, 19-1312, and 19-1313 and the subtitle "Subtitle 13. Private Review Agents", respectively
Annotated Code of Maryland
(1996 Replacement Volume and 1997 Supplement)

to be
Article - Insurance
Section 15-10B-01 through 15-10B-18 and the subtitle "Subtitle 10B. Private Review Agents", respectively
Annotated Code of Maryland
(1997 Volume)

BY adding to
Article - Commercial Law
Section 13-4A-04
Annotated Code of Maryland
(1990 Replacement Volume and 1997 Supplement)

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

BY repealing and reenacting, with amendments,
Article - Health - General
Section 19-729
Annotated Code of Maryland
(1996 Replacement Volume and 1997 Supplement)

BY repealing and reenacting, without amendments,
Article - Health Occupations
Section 14-401(a)
Annotated Code of Maryland
(1994 Replacement Volume and 1997 Supplement)

BY adding to
Article - Health Occupations
Section 14-401(c)(5) and 14-404(a)(41)

Annotated Code of Maryland
(1994 Replacement Volume and 1997 Supplement)

BY repealing and reenacting, with amendments,
Article - Health Occupations
Section 14-404(a)(39) and (40)
Annotated Code of Maryland
(1994 Replacement Volume and 1997 Supplement)

BY repealing and reenacting, with amendments,
Article - Insurance
Section 15-1001 and 27-304
Annotated Code of Maryland
(1997 Volume)

BY adding to
Article - Insurance
Section 15-10A-01 through 15-10A-09, inclusive, to be under the new subtitle "Subtitle 10A. Complaint Process for Adverse Decisions or Grievances"
Annotated Code of Maryland
(1997 Volume)

BY repealing and reenacting, with amendments,
Article - Insurance
Section 15-10B-01, 15-10B-03, 15-10B-04, 15-10B-05(a) and (b), 15-10B-06(a), (e), and (g), 15-10B-07(a), 15-10B-09(e)(1), 15-10B-10, 15-10B-11, 15-10B-12, 15-10B-13, 15-10B-14, 15-10B-17(b), and 15-10B-18(a)
Annotated Code of Maryland
(1997 Volume)
(As enacted by Section 1 of this Act)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 19-1301 through 19-1305, 19-1305.1, 19-1305.2, 19-1305.3, 19-1305.4, 19-1306 through 19-1311, 19-1311.1, 19-1312, and 19-1313 and the subtitle "Subtitle 13. Private Review Agents", respectively, of Article - Health - General of the Annotated Code of Maryland be transferred to be Section(s) 15-10B-01 through 15-10B-18 and the subtitle "Subtitle 10B. Private Review Agents", respectively, of Article - Insurance of the Annotated Code of Maryland.

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

Article - Commercial Law

13-4A-04.

THE UNIT SHALL PREPARE EACH ANNUAL AND QUARTERLY REPORT REQUIRED UNDER TITLE 15, SUBTITLE 10A OF THE INSURANCE ARTICLE.

Article - Health - General

19-706.

(Y) THE PROVISIONS OF TITLE 15, SUBTITLE 10A OF THE INSURANCE ARTICLE SHALL APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.

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;

(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) FAIL TO COMPLY WITH THE PROVISIONS OF TITLE 15, SUBTITLE 10A OF THE INSURANCE ARTICLE.

(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.

Article - Health Occupations

14-401.

(a) The Board shall perform any necessary preliminary investigation before the Board refers to an investigatory body an allegation of grounds for disciplinary or other action brought to its attention.

(c) (5) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, AFTER PERFORMING ANY NECESSARY PRELIMINARY INVESTIGATION OF AN ALLEGATION OF GROUNDS FOR DISCIPLINARY OR OTHER ACTION, THE BOARD SHALL REFER ANY ALLEGATION BASED ON § 14-404(A)(41) OF THIS SUBTITLE TO A COMMITTEE THAT INCLUDES PHYSICIANS WHO ARE RESPONSIBLE FOR ESTABLISHING OR SUPERVISING PROTOCOLS OR PROCEDURES FOR A HEALTH CARE DELIVERY SYSTEM AND, IF APPROPRIATE, ACTIVELY PRACTICE OR HAVE DEMONSTRATED EXPERTISE IN THE SPECIALITY INVOLVED IN THE CARE UNDER REVIEW.

(II) A PHYSICIAN MAY NOT BE DISCIPLINED BY THE BOARD UNDER § 14-404(A)(41) OF THIS SUBTITLE FOR THE INDEPENDENT JUDGMENT ERROR OF A HEALTH CARE PROVIDER WHO IS PROVIDING DIRECT PATIENT CARE IN CONTRADICTION TO ESTABLISHED PROTOCOLS OR PROCEDURES FOR A SYSTEM OF DELIVERY OF QUALITY MEDICAL CARE.

14-404.

(a) Subject to the hearing provisions of § 14-405 of this subtitle, the Board, on the affirmative vote of a majority of its full authorized membership, may reprimand any licensee, place any licensee on probation, or suspend or revoke a license if the licensee:

(39) Intentionally misrepresents credentials for the purpose of testifying or rendering an expert opinion in hearings or proceedings before the Board or those otherwise delegated to the Office of Administrative Hearings; [or]

(40) Fails to keep adequate medical records as determined by appropriate peer review; OR

(41) IS A PHYSICIAN WHO IS RESPONSIBLE FOR ESTABLISHING OR SUPERVISING PROTOCOLS OR PROCEDURES FOR A HEALTH CARE DELIVERY SYSTEM AND IS COMPENSATED FOR THAT RESPONSIBILITY AND THE PROTOCOLS OR PROCEDURES FAIL TO MEET APPROPRIATE STANDARDS FOR THE DELIVERY OF QUALITY MEDICAL CARE AS DETERMINED BY APPROPRIATE PEER REVIEW.

Article - Insurance

15-1001.

(a) This section applies to insurers and nonprofit health service plans that propose to issue or deliver individual, group, or blanket health insurance policies or contracts in the State or to administer health benefit programs that provide for the coverage of hospital benefits and the utilization review of those benefits.

(b) Each entity subject to this section shall:

(1) have a certificate issued under [Title 19, Subtitle 13 of the Health - General Article] SUBTITLE 10B OF THIS TITLE;

(2) contract with a private review agent that has a certificate issued under [Title 19, Subtitle 13 of the Health - General Article] SUBTITLE 10B OF THIS TITLE; or

(3) contract with or delegate utilization review to a hospital utilization review program approved under § 19-319(d) of the Health - General Article.

(c) Notwithstanding any other provision of this article, if the medical necessity of providing a covered benefit is disputed, an entity subject to this section that does not meet the requirements of subsection (b) of this section shall pay any person entitled to reimbursement under the policy, contract, or certificate in accordance with the determination of medical necessity by the hospital utilization review program approved under § 19-319(d) of the Health - General Article.

SUBTITLE 10A. COMPLAINT PROCESS FOR ADVERSE DECISIONS OR GRIEVANCES.

15-10A-01.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) (1) "ADVERSE DECISION" MEANS A DETERMINATION BY A PRIVATE REVIEW AGENT, A CARRIER, OR A HEALTH CARE PROVIDER ACTING ON BEHALF OF A CARRIER THAT A PROPOSED OR DELIVERED HEALTH CARE SERVICE:

(I) IS OR WAS NOT MEDICALLY NECESSARY, APPROPRIATE, OR EFFICIENT; OR

(II) MAY RESULT IN NONCOVERAGE OF THE HEALTH CARE SERVICE.

(2) "ADVERSE DECISION" DOES NOT INCLUDE A DECISION CONCERNING A SUBSCRIBER'S STATUS AS A MEMBER.

(C) "CARRIER" MEANS:

(1) AN INSURER;

(2) A NONPROFIT HEALTH SERVICE PLAN;

(3) A HEALTH MAINTENANCE ORGANIZATION;

(4) A DENTAL PLAN ORGANIZATION; OR

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

(D) "COMPLAINT" MEANS A PROTEST FILED WITH THE COMMISSIONER INVOLVING AN ADVERSE DECISION OR GRIEVANCE DECISION CONCERNING THE MEMBER.

(E) "GRIEVANCE DECISION" MEANS A FINAL DETERMINATION BY A CARRIER THAT ARISES FROM A GRIEVANCE FILED WITH THE CARRIER UNDER ITS INTERNAL GRIEVANCE PROCESS REGARDING AN ADVERSE DECISION CONCERNING A MEMBER.

(F) "HEALTH ADVOCACY UNIT" MEANS THE HEALTH EDUCATION AND ADVOCACY UNIT IN THE DIVISION OF CONSUMER PROTECTION OF THE OFFICE OF THE ATTORNEY GENERAL ESTABLISHED UNDER TITLE 13, SUBTITLE 4A OF THE COMMERCIAL LAW ARTICLE.

(G) "HEALTH CARE PROVIDER" MEANS:

(1) AN INDIVIDUAL WHO IS LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE TO PROVIDE HEALTH CARE SERVICES IN THE ORDINARY COURSE OF BUSINESS OR PRACTICE OF A PROFESSION; OR

(2) A HEALTH CARE FACILITY DEFINED AS:

(I) A HOSPITAL IN § 19-301 OF THE HEALTH - GENERAL ARTICLE; OR

(II) AN AMBULATORY SURGICAL FACILITY IN § 19-3B-01 OF THE HEALTH - GENERAL ARTICLE.

(H) "HEALTH CARE SERVICE" MEANS A HEALTH OR MEDICAL CARE PROCEDURE OR SERVICE RENDERED BY A HEALTH CARE PROVIDER THAT:

(1) PROVIDES TESTING, DIAGNOSIS, OR TREATMENT OF A HUMAN DISEASE OR DYSFUNCTION; OR

(2) DISPENSES DRUGS, MEDICAL DEVICES, MEDICAL APPLIANCES, OR MEDICAL GOODS FOR THE TREATMENT OF A HUMAN DISEASE OR DYSFUNCTION.

(I) (1) "MEMBER" MEANS A PERSON ENTITLED TO HEALTH CARE BENEFITS UNDER A POLICY, PLAN, OR CERTIFICATE ISSUED OR DELIVERED IN THE STATE BY A CARRIER.

(2) "MEMBER" INCLUDES A SUBSCRIBER.

(J) "PRIVATE REVIEW AGENT" HAS THE MEANING STATED IN § 15-10B-01 OF THIS TITLE.

15-10A-02.

(A) EACH CARRIER SHALL ESTABLISH AN INTERNAL GRIEVANCE PROCESS FOR ITS MEMBERS.

(B) (1) AN INTERNAL GRIEVANCE PROCESS SHALL MEET THE SAME REQUIREMENTS ESTABLISHED UNDER SUBTITLE 10B OF THIS TITLE.

(2) IN ADDITION TO THE REQUIREMENTS OF SUBTITLE 10B OF THIS TITLE, AN INTERNAL GRIEVANCE PROCESS ESTABLISHED BY A CARRIER UNDER THIS SECTION SHALL:

(I) INCLUDE AN EXPEDITED PROCEDURE FOR USE IN AN EMERGENCY CASE FOR PURPOSES OF RENDERING A GRIEVANCE DECISION WITHIN 24 HOURS OF THE DATE A GRIEVANCE IS FILED WITH THE CARRIER;

(II) PROVIDE THAT A CARRIER RENDER A FINAL DECISION ON A GRIEVANCE WITHIN 30 DAYS AFTER THE DATE ON WHICH THE GRIEVANCE IS FILED UNLESS:

1. THE GRIEVANCE INVOLVES AN EMERGENCY CASE UNDER ITEM (I) OF THIS PARAGRAPH; OR

2. THE MEMBER OR A HEALTH CARE PROVIDER FILING A GRIEVANCE ON BEHALF OF A MEMBER AGREES IN WRITING TO AN EXTENSION FOR A PERIOD OF NO LONGER THAN 30 DAYS; AND

(III) ALLOW A GRIEVANCE TO BE FILED ON BEHALF OF A MEMBER BY A HEALTH CARE PROVIDER.

(C) A MEMBER OR A HEALTH CARE PROVIDER FILING A COMPLAINT ON BEHALF OF A MEMBER MAY FILE A COMPLAINT WITH THE COMMISSIONER WITHOUT FIRST FILING A GRIEVANCE WITH A CARRIER AND RECEIVING A FINAL DECISION ON THE GRIEVANCE.

(D) EACH CARRIER SHALL:

(1) FILE WITH THE COMMISSIONER AND SUBMIT TO THE HEALTH ADVOCACY UNIT A COPY OF ITS INTERNAL GRIEVANCE PROCESS; AND

(2) UPDATE THE INITIAL FILING ANNUALLY TO REFLECT ANY CHANGES MADE.

(E) EXCEPT FOR AN EMERGENCY CASE UNDER SUBSECTION (B)(2)(I) OF THIS SECTION, AT THE TIME A MEMBER FIRST CONTACTS A CARRIER ABOUT AN ADVERSE

DECISION, THE CARRIER SHALL SEND IN WRITING TO THE MEMBER WITHIN 1 DAY AFTER THE INITIAL CONTACT:

(1) THE DETAILS OF ITS INTERNAL GRIEVANCE PROCESS AND PROCEDURES UNDER THE PROVISIONS OF THIS SUBTITLE;

(2) INFORMATION STATING THAT:

(I) THE HEALTH ADVOCACY UNIT:

1. IS AVAILABLE TO ASSIST THE MEMBER WITH FILING A GRIEVANCE UNDER THE CARRIER'S INTERNAL GRIEVANCE PROCESS; BUT

2. IS NOT AVAILABLE TO REPRESENT OR ACCOMPANY THE MEMBER DURING THE PROCEEDINGS OF THE INTERNAL GRIEVANCE PROCESS; AND

(II) THE HEALTH ADVOCACY UNIT CAN ASSIST THE MEMBER IN MEDIATING A RESOLUTION OF THE ADVERSE DECISION WITH THE CARRIER, BUT THAT ANY TIME DURING THE MEDIATION, THE MEMBER OR A HEALTH CARE PROVIDER ON BEHALF OF THE MEMBER MAY FILE A GRIEVANCE;

(3) THE ADDRESS, TELEPHONE NUMBER, FACSIMILE NUMBER, AND E-MAIL ADDRESS OF THE HEALTH ADVOCACY UNIT;

(4) THE ADDRESS, TELEPHONE NUMBER, AND FACSIMILE NUMBER OF THE COMMISSIONER; AND

(5) INFORMATION ON WHERE THE INFORMATION REQUIRED BY THIS SUBSECTION CAN BE FOUND IN THE MEMBER'S POLICY, PLAN, CERTIFICATE, ENROLLMENT MATERIALS, OR OTHER EVIDENCE OF COVERAGE.

(F) IF WITHIN 5 DAYS AFTER A MEMBER OR A HEALTH CARE PROVIDER, WHO HAS FILED A GRIEVANCE ON BEHALF OF A MEMBER, FILES A GRIEVANCE WITH THE CARRIER, AND IF THE CARRIER DOES NOT HAVE SUFFICIENT INFORMATION TO COMPLETE ITS INTERNAL GRIEVANCE PROCESS, THE CARRIER SHALL:

(1) NOTIFY THE MEMBER OR HEALTH CARE PROVIDER THAT IT CANNOT PROCEED WITH REVIEWING THE GRIEVANCE UNLESS ADDITIONAL INFORMATION IS PROVIDED; AND

(2) ASSIST THE MEMBER OR HEALTH CARE PROVIDER IN GATHERING THE NECESSARY INFORMATION WITHOUT FURTHER DELAY.

(G) A CARRIER MAY EXTEND THE 30-DAY PERIOD REQUIRED FOR MAKING A FINAL GRIEVANCE DECISION UNDER SUBSECTION (B)(2)(II) OF THIS SECTION WITH THE WRITTEN CONSENT OF THE MEMBER OR THE HEALTH CARE PROVIDER WHO FILED THE GRIEVANCE ON BEHALF OF THE MEMBER.

(H) (1) FOR NONEMERGENCY CASES, EACH CARRIER'S INTERNAL GRIEVANCE PROCESS ESTABLISHED UNDER SUBSECTION (A) OF THIS SECTION SHALL INCLUDE A PROVISION THAT REQUIRES THE CARRIER TO:

(I) DOCUMENT IN WRITING ANY ADVERSE DECISION OR GRIEVANCE DECISION MADE BY THE CARRIER AFTER THE CARRIER HAS PROVIDED ORAL COMMUNICATION OF THE DECISION TO THE MEMBER OR THE HEALTH CARE PROVIDER WHO FILED THE GRIEVANCE ON BEHALF OF THE MEMBER; AND

(II) WITHIN 2 DAYS AFTER THE DECISION HAS BEEN MADE, SEND NOTICE OF THE ADVERSE DECISION OR GRIEVANCE DECISION TO:

1. THE MEMBER; AND

2. IF THE GRIEVANCE WAS FILED ON BEHALF OF THE MEMBER UNDER SUBSECTION (B)(2)(III) OF THIS SECTION, THE HEALTH CARE PROVIDER.

(2) NOTICE OF THE ADVERSE DECISION OR GRIEVANCE DECISION REQUIRED TO BE SENT UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL:

(I) STATE IN DETAIL IN CLEAR, UNDERSTANDABLE LANGUAGE THE SPECIFIC FACTUAL BASES FOR THE CARRIER'S DECISION;

(II) REFERENCE THE SPECIFIC CRITERIA AND STANDARDS, INCLUDING INTERPRETIVE GUIDELINES, ON WHICH THE ADVERSE DECISION OR GRIEVANCE DECISION WAS BASED; AND

(III) INCLUDE THE FOLLOWING INFORMATION:

1. THAT THE MEMBER HAS A RIGHT TO FILE A COMPLAINT WITH THE COMMISSIONER WITHIN 30 DAYS AFTER RECEIPT OF A CARRIER'S GRIEVANCE DECISION; AND

2. THE COMMISSIONER'S ADDRESS, TELEPHONE NUMBER, AND FACSIMILE NUMBER.

(3) A CARRIER MAY NOT USE IN A NOTICE SENT UNDER PARAGRAPH (1) OF THIS SUBSECTION GENERALIZED TERMS SUCH AS "EXPERIMENTAL PROCEDURE NOT COVERED", "COSMETIC PROCEDURE NOT COVERED", "SERVICE INCLUDED UNDER ANOTHER PROCEDURE", OR "NOT MEDICALLY NECESSARY" TO SATISFY THE REQUIREMENTS OF PARAGRAPH (2)(I) OR (II) OF THIS SUBSECTION.

(I) (1) FOR AN EMERGENCY CASE UNDER SUBSECTION (B)(2)(I) OF THIS SECTION, WITHIN 1 DAY AFTER A DECISION HAS BEEN ORALLY COMMUNICATED TO THE MEMBER OR HEALTH CARE PROVIDER, THE CARRIER SHALL SEND NOTICE IN WRITING OF ANY ADVERSE DECISION OR GRIEVANCE DECISION TO:

(I) THE MEMBER; AND

(II) IF THE GRIEVANCE WAS FILED ON BEHALF OF THE MEMBER UNDER SUBSECTION (B)(2)(III) OF THIS SECTION, THE HEALTH CARE PROVIDER.

(2) THE NOTICE SHALL INCLUDE THE INFORMATION REQUIRED UNDER SUBSECTION (H)(2) OF THIS SECTION.

(J) EACH CARRIER SHALL INCLUDE THE INFORMATION REQUIRED BY SUBSECTIONS (F) AND (H)(2)(III) OF THIS SECTION IN THE POLICY, PLAN, CERTIFICATE, ENROLLMENT MATERIALS, OR OTHER EVIDENCE OF COVERAGE THAT THE CARRIER PROVIDES TO A MEMBER AT THE TIME OF THE MEMBER'S INITIAL COVERAGE OR RENEWAL OF COVERAGE.

15-10A-03.

(A) WITHIN 30 DAYS AFTER THE DATE OF RECEIPT OF A GRIEVANCE DECISION, A MEMBER OR A HEALTH CARE PROVIDER, WHO FILED THE GRIEVANCE ON BEHALF OF THE MEMBER UNDER § 15-10A-02(B)(2)(III) OF THIS SUBTITLE, MAY FILE A COMPLAINT WITH THE COMMISSIONER FOR REVIEW OF THE GRIEVANCE DECISION.

(B) IN DEVELOPING PROCEDURES TO BE USED IN REVIEWING AND DECIDING COMPLAINTS, THE COMMISSIONER SHALL:

(1) ALLOW A HEALTH CARE PROVIDER TO FILE A COMPLAINT ON BEHALF OF A MEMBER; AND

(2) ESTABLISH AN EXPEDITED PROCEDURE FOR USE IN AN EMERGENCY CASE FOR THE PURPOSE OF MAKING A FINAL DECISION ON A COMPLAINT WITHIN 24 HOURS AFTER THE COMPLAINT IS FILED WITH THE COMMISSIONER.

(C) EXCEPT FOR AN EMERGENCY CASE UNDER SUBSECTION (B)(2) OF THIS SECTION, THE COMMISSIONER SHALL MAKE A FINAL DECISION ON A COMPLAINT WITHIN 30 DAYS AFTER THE COMPLAINT IS FILED.

(D) IN CASES CONSIDERED APPROPRIATE BY THE COMMISSIONER, THE COMMISSIONER MAY SEEK ADVICE FROM AN INDEPENDENT REVIEW ORGANIZATION OR INDEPENDENT MEDICAL EXPERTS, AS PROVIDED IN § 15-10A-05 OF THIS SUBTITLE, FOR COMPLAINTS FILED WITH THE COMMISSIONER UNDER THIS SUBTITLE THAT INVOLVE A QUESTION OF WHETHER A HEALTH CARE SERVICE PROVIDED OR TO BE PROVIDED TO A MEMBER IS MEDICALLY NECESSARY.

(E) (1) DURING THE REVIEW OF A COMPLAINT BY THE COMMISSIONER OR A DESIGNEE OF THE COMMISSIONER, A CARRIER SHALL HAVE THE BURDEN OF PERSUASION THAT ITS ADVERSE DECISION OR GRIEVANCE DECISION, AS APPLICABLE, IS CORRECT.

(2) AS PART OF THE REVIEW OF A COMPLAINT, THE COMMISSIONER OR A DESIGNEE OF THE COMMISSIONER MAY CONSIDER ALL OF THE FACTS OF THE CASE AND ANY OTHER EVIDENCE THAT THE COMMISSIONER OR DESIGNEE OF THE COMMISSIONER CONSIDERS APPROPRIATE.

(3) AS REQUIRED UNDER § 15-10A-02(H) OF THIS SUBTITLE, THE CARRIER'S ADVERSE DECISION OR GRIEVANCE DECISION SHALL STATE IN DETAIL IN CLEAR, UNDERSTANDABLE LANGUAGE THE FACTUAL BASES FOR THE DECISION AND REFERENCE THE SPECIFIC CRITERIA AND STANDARDS, INCLUDING INTERPRETIVE GUIDELINES ON WHICH THE DECISION WAS BASED.

(4) IN RESPONDING TO A COMPLAINT, A CARRIER MAY NOT RELY ON ANY BASIS NOT STATED IN ITS ADVERSE DECISION OR GRIEVANCE DECISION.

(F) THE COMMISSIONER MAY REQUEST THE MEMBER THAT FILED THE COMPLAINT OR A LEGALLY AUTHORIZED DESIGNEE OF THE MEMBER TO SIGN A CONSENT FORM AUTHORIZING THE RELEASE OF THE MEMBER'S MEDICAL RECORDS TO THE COMMISSIONER OR THE COMMISSIONER'S DESIGNEE THAT ARE NEEDED IN ORDER FOR THE COMMISSIONER TO MAKE A FINAL DECISION ON THE COMPLAINT.

15-10A-04.

(A) THE COMMISSIONER SHALL:

(1) MAKE AND ISSUE IN WRITING A FINAL DECISION ON ALL COMPLAINTS FILED WITH THE COMMISSIONER UNDER THIS SUBTITLE THAT ARE WITHIN THE COMMISSIONER'S JURISDICTION; AND

(2) PROVIDE NOTICE IN WRITING TO ALL PARTIES TO A COMPLAINT OF THE OPPORTUNITY AND TIME PERIOD FOR REQUESTING A HEARING TO BE HELD IN ACCORDANCE WITH TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT ARTICLE TO CONTEST A FINAL DECISION OF THE COMMISSIONER MADE AND ISSUED UNDER THIS SUBTITLE.

(B) (1) FOR EMERGENCY CASES, THE COMMISSIONER SHALL SEND WRITTEN NOTIFICATION OF THE COMMISSIONER'S FINAL DECISION WITHIN 1 DAY AFTER THE COMMISSIONER OR THE COMMISSIONER'S DESIGNEE HAS INFORMED THE MEMBER OR A HEALTH CARE PROVIDER WHO FILED THE COMPLAINT ON BEHALF OF THE MEMBER OF THE FINAL DECISION THROUGH AN ORAL COMMUNICATION.

(2) THE COMMISSIONER SHALL INCLUDE IN THE NOTICE THE INFORMATION REQUIRED UNDER SUBSECTION (A)(2) OF THIS SECTION.

(C) IF THE COMMISSIONER DETERMINES THAT A GRIEVANCE DECISION OR ADVERSE DECISION MADE BY A CARRIER IS IMPROPER, THE COMMISSIONER MAY ORDER THE CARRIER TO PAY OR PROVIDE REIMBURSEMENT FOR THE HEALTH CARE SERVICE TO THE MEMBER OR OTHER PERSON DESIGNATED BY THE MEMBER.

(D) THE COMMISSIONER MAY REFER COMPLAINTS NOT WITHIN THE COMMISSIONER'S JURISDICTION TO THE HEALTH ADVOCACY UNIT OR ANY OTHER APPROPRIATE FEDERAL OR STATE GOVERNMENT AGENCY OR UNIT FOR DISPOSITION OR RESOLUTION.

15-10A-05.

(A) FOR COMPLAINTS FILED WITH THE COMMISSIONER UNDER THIS SUBTITLE THAT INVOLVE A QUESTION OF WHETHER THE HEALTH CARE SERVICE PROVIDED OR TO BE PROVIDED TO A MEMBER IS MEDICALLY NECESSARY, THE COMMISSIONER MAY SELECT AND ACCEPT AND BASE THE FINAL DECISION ON A COMPLAINT ON THE PROFESSIONAL JUDGMENT OF AN INDEPENDENT REVIEW ORGANIZATION OR INDEPENDENT MEDICAL EXPERTS.

(B) (1) TO ENSURE ACCESS TO ADVICE WHEN NEEDED, THE COMMISSIONER, IN CONSULTATION WITH THE SECRETARY OF HEALTH AND MENTAL HYGIENE AND CARRIERS, SHALL COMPILE A LIST OF INDEPENDENT REVIEW ORGANIZATIONS AND INDEPENDENT MEDICAL EXPERTS.

(2) AN INDEPENDENT REVIEW ORGANIZATION OR AN INDEPENDENT MEDICAL EXPERT MAY NOT BE A PRIVATE REVIEW AGENT.

(C) (1) THE CARRIER THAT IS THE SUBJECT OF THE COMPLAINT SHALL BE RESPONSIBLE FOR PAYING THE REASONABLE EXPENSES OF THE INDEPENDENT REVIEW ORGANIZATION OR INDEPENDENT MEDICAL EXPERT SELECTED BY THE COMMISSIONER IN ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION.

(2) THE COMMISSIONER SHALL:

(I) REQUEST AND RECEIVE FROM THE INDEPENDENT REVIEW ORGANIZATION OR INDEPENDENT MEDICAL EXPERT A DETAILED ACCOUNT OF THE EXPENSES INCURRED BY THE INDEPENDENT REVIEW ORGANIZATION OR INDEPENDENT MEDICAL EXPERT; AND

(II) PRESENT THE DETAILED ACCOUNT OF EXPENSES TO THE CARRIER FOR PAYMENT.

(3) THE CARRIER THAT IS THE SUBJECT OF A COMPLAINT MAY NOT PAY ANY PERSON ASSOCIATED WITH OR PART OF AN INDEPENDENT REVIEW ORGANIZATION OR INDEPENDENT MEDICAL EXPERT THAT IS USED BY THE COMMISSIONER IN MAKING A FINAL DECISION ON THE COMPLAINT IN ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION, AND THE PERSON MAY NOT ACCEPT ANY COMPENSATION FOR RENDERING A PROFESSIONAL JUDGMENT TO THE COMMISSIONER IN ADDITION TO THE EXPENSES PAID UNDER PARAGRAPH (1) OF THIS SUBSECTION.

(D) ANY INDIVIDUAL WHO IS AFFILIATED WITH OR WHO IS PART OF AN INDEPENDENT REVIEW ORGANIZATION OR INDEPENDENT MEDICAL EXPERT THAT GIVES ADVICE TO THE COMMISSIONER UNDER THIS SECTION MAY NOT HAVE A DIRECT FINANCIAL OR PERSONAL INTEREST IN OR CONNECTION WITH THE CASE FROM WHICH THE COMPLAINT ARISES.

15-10A-06.

(A) ON A QUARTERLY BASIS, EACH CARRIER SHALL SUBMIT TO THE COMMISSIONER, ON THE FORM THE COMMISSIONER REQUIRES, A REPORT THAT DESCRIBES:

(1) THE ACTIVITIES OF THE CARRIER UNDER THIS SUBTITLE, INCLUDING:

(I) THE OUTCOME OF EACH GRIEVANCE FILED WITH THE CARRIER;

(II) THE NUMBER AND OUTCOMES OF CASES THAT WERE CONSIDERED EMERGENCY CASES UNDER § 15-10A-02(B)(2)(I) OF THIS SUBTITLE;

(III) THE TIME WITHIN WHICH THE CARRIER MADE A GRIEVANCE DECISION ON EACH EMERGENCY CASE;

(IV) THE TIME WITHIN WHICH THE CARRIER MADE A GRIEVANCE DECISION ON ALL OTHER CASES THAT WERE NOT CONSIDERED EMERGENCY CASES; AND

(V) THE NUMBER OF GRIEVANCES FILED WITH THE CARRIER THAT RESULTED FROM AN ADVERSE DECISION INVOLVING LENGTH OF STAY FOR INPATIENT HOSPITALIZATION AS RELATED TO THE MEDICAL PROCEDURE INVOLVED; AND

(2) THE NUMBER AND OUTCOME OF ALL OTHER CASES THAT ARE NOT SUBJECT TO ACTIVITIES OF THE CARRIER UNDER THIS SUBTITLE THAT RESULTED FROM AN ADVERSE DECISION INVOLVING THE LENGTH OF STAY FOR INPATIENT HOSPITALIZATION AS RELATED TO THE MEDICAL PROCEDURE INVOLVED.

(B) THE COMMISSIONER SHALL:

(1) COMPILE AN ANNUAL SUMMARY REPORT BASED ON THE INFORMATION PROVIDED UNDER SUBSECTION (A) OF THIS SECTION; AND

(2) PROVIDE COPIES OF THE SUMMARY REPORT TO THE LEGISLATIVE POLICY COMMITTEE, THE SENATE FINANCE COMMITTEE, THE HOUSE ECONOMIC MATTERS COMMITTEE, AND THE HOUSE ENVIRONMENTAL MATTERS COMMITTEE.

15-10A-07.

ON A QUARTERLY BASIS, THE HEALTH ADVOCACY UNIT SHALL SUBMIT A REPORT TO THE COMMISSIONER THAT:

(1) DESCRIBES ACTIVITIES IT PERFORMED ON BEHALF OF MEMBERS THAT HAVE PARTICIPATED IN AN INTERNAL GRIEVANCE PROCESS OF A CARRIER ESTABLISHED UNDER THIS SUBTITLE;

(2) DESCRIBES ITS EFFORTS TO MEDIATE CASES THAT INVOLVE AN ADVERSE DECISION;

(3) NAMES EACH CARRIER INVOLVED IN THE CASES DESCRIBED IN THE REPORT;

(4) STATES THE NUMBER AND OUTCOME OF EACH GRIEVANCE CONSIDERED AN EMERGENCY CASE UNDER § 15-10A-02(B)(2)(I) OF THIS SUBTITLE DESCRIBED IN THE REPORT, INCLUDING THE TIME WITHIN WHICH THE CARRIER MADE A GRIEVANCE DECISION ON EACH EMERGENCY CASE; AND

(5) STATES THE NUMBER AND OUTCOME OF EACH CASE DESCRIBED IN THE REPORT THAT WAS NOT CONSIDERED AN EMERGENCY CASE, INCLUDING THE TIME WITHIN WHICH THE CARRIER MADE A GRIEVANCE DECISION ON THE CASE.

15-10A-08.

(A) ON OR BEFORE NOVEMBER 1, 1999, AND EACH NOVEMBER 1 THEREAFTER, THE HEALTH ADVOCACY UNIT SHALL PUBLISH AN ANNUAL SUMMARY REPORT AND PROVIDE COPIES OF THE REPORT TO THE LEGISLATIVE POLICY COMMITTEE, THE SENATE FINANCE COMMITTEE, THE HOUSE ECONOMIC MATTERS COMMITTEE, AND THE HOUSE ENVIRONMENTAL MATTERS COMMITTEE.

(B) (1) THE ANNUAL SUMMARY REPORT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL BE ON THE GRIEVANCES AND COMPLAINTS FILED WITH OR REFERRED TO A CARRIER, THE COMMISSIONER, THE HEALTH ADVOCACY UNIT, OR ANY OTHER FEDERAL OR STATE GOVERNMENT AGENCY OR UNIT UNDER THIS SUBTITLE DURING THE PREVIOUS FISCAL YEAR.

(2) IN CONSULTATION WITH THE COMMISSIONER AND ANY AFFECTED STATE GOVERNMENT AGENCY OR UNIT, THE HEALTH ADVOCACY UNIT SHALL:

(I) EVALUATE THE EFFECTIVENESS OF THE INTERNAL GRIEVANCE PROCESS AND COMPLAINT PROCESS AVAILABLE TO MEMBERS; AND

(II) INCLUDE IN THE ANNUAL SUMMARY REPORT THE RESULTS OF THE EVALUATION AND ANY PROPOSED CHANGES THAT IT CONSIDERS NECESSARY.

15-10A-09.

THE COMMISSIONER SHALL ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.

Subtitle 10B. Private Review Agents.

15-10B-01.

(a) In this subtitle the following words have the meanings indicated.

(b) (1) "Adverse decision" means a utilization review determination made by a private review agent that a proposed or delivered health care service:

(i) Is or was not MEDICALLY necessary, appropriate, or efficient; and

(ii) May result in noncoverage of the health care service.

(2) There is no adverse decision if the private review agent and the health care provider on behalf of the patient reach an agreement on the proposed or delivered health care services.

(C) "CERTIFICATE" MEANS A CERTIFICATE OF REGISTRATION GRANTED BY THE COMMISSIONER TO A PRIVATE REVIEW AGENT.

[(c)] (D) (1) "Employee assistance program" means a health care service plan that, in accordance with a contract with an employer or labor union:

(i) Consults with employees or members of an employee's family or both to:

1. Identify the employee's or the employee's family member's mental health, alcohol, or substance abuse problems; and

2. Refer the employee or the employee's family member to health care providers or other community resources for counseling, therapy, or treatment; and

(ii) Performs utilization review for the purpose of making claims or payment decisions on behalf of the employer's or labor union's health insurance or health benefit plan.

(2) "Employee assistance program" does not include a health care service plan operated by a hospital solely for employees, or members of an employee's family, of that hospital.

[(d)] (E) "Health care facility" means:

(1) A hospital as defined in § 19-301 of [this title] THE HEALTH - GENERAL ARTICLE;

(2) A related institution as defined in § 19-301 of [this title] THE HEALTH - GENERAL ARTICLE;

(3) An ambulatory surgical facility or center which is any entity or part thereof that operates primarily for the purpose of providing surgical services to patients not requiring hospitalization and seeks reimbursement from third party payors as an ambulatory surgical facility or center;

(4) A facility that is organized primarily to help in the rehabilitation of disabled individuals;

(5) A home health agency as defined in § 19-401 of [this title] THE HEALTH - GENERAL ARTICLE;

(6) A hospice as defined in § 19-901 of [this title] THE HEALTH - GENERAL ARTICLE;

(7) A facility that provides radiological or other diagnostic imagery services;

(8) A medical laboratory as defined in § 17-201 of [this article] THE HEALTH - GENERAL ARTICLE; or

(9) An alcohol abuse and drug abuse treatment program as defined in § 8-403 of [this article] THE HEALTH - GENERAL ARTICLE.

(F) "HEALTH CARE SERVICE" MEANS ANY HEALTH OR MEDICAL PROCEDURE OR SERVICE RENDERED BY A HEALTH CARE PROVIDER THAT:

(1) PROVIDES TESTING, DIAGNOSIS, OR TREATMENT OF A HUMAN DISEASE OR DYSFUNCTION; OR

(2) DISPENSES DRUGS, MEDICAL DEVICES, MEDICAL APPLIANCES, OR MEDICAL GOODS FOR THE TREATMENT OF A HUMAN DISEASE OR DYSFUNCTION.

[(e) "Utilization review" means a system for reviewing the appropriate and efficient allocation of hospital resources and services given or proposed to be given to a patient or group of patients.]

[(f)] (G) "Private review agent" means:

(1) A nonhospital-affiliated person or entity performing utilization review that is either affiliated with, under contract with, or acting on behalf of:

(i) A Maryland business entity; or

(ii) A third party that provides or administers hospital benefits to citizens of this State, including:

1. A health maintenance organization issued a certificate of authority in accordance with TITLE 19, Subtitle 7 of [this title] THE HEALTH - GENERAL ARTICLE; or

2. A health insurer, nonprofit health service plan, health insurance service organization, or preferred provider organization authorized to offer health insurance policies or contracts in this State in accordance with [the Insurance Article] THIS ARTICLE; or

(2) Any person or entity including a hospital-affiliated person performing utilization review for the purpose of making claims or payment decisions on behalf of the employer's or labor union's health insurance plan under an employee assistance program for employees other than the employees:

(i) Employed by the hospital; or

(ii) Employed by a business wholly owned by the hospital.

[(g)] (H) "Significant beneficial interest" means the ownership of any financial interest that is greater than the lesser of:

(1) [5 percent] 5% of the whole; or

(2) $5,000.

(I) "UTILIZATION REVIEW" MEANS A SYSTEM FOR REVIEWING THE APPROPRIATE AND EFFICIENT ALLOCATION OF HEALTH CARE SERVICES GIVEN OR PROPOSED TO BE GIVEN TO A PATIENT OR GROUP OF PATIENTS.

[(h)] (J) "Utilization review plan" means a description of the standards governing utilization review activities performed by a private review agent.

[(i) "Secretary" means the Secretary of Health and Mental Hygiene.

(j) "Commissioner" means the Insurance Commissioner.

(k) "Certificate" means a certificate of registration granted by the Secretary to a private review agent.]

15-10B-03.

(a) A private review agent may not conduct utilization review in this State unless the [Secretary] COMMISSIONER has granted the private review agent a certificate.

(b) The [Secretary] COMMISSIONER shall issue a certificate to an applicant that has met all the requirements of this subtitle and all applicable regulations of the [Secretary] COMMISSIONER.

[(c) The Secretary may delegate the authority to issue a certificate to the Commissioner for any health insurer or nonprofit health service plan regulated under the Insurance Article or health maintenance organization issued a certificate of authority in accordance with Subtitle 7 of this title that meets the requirements of this subtitle and all applicable regulations of the Secretary.]

[(d)] (C) A certificate issued under this subtitle is not transferable.

[(e)] (D) (1) The [Secretary] COMMISSIONER, after consultation with [the Commissioner,] payors, including the Health Insurance Association of America and the Maryland Association of Health Maintenance Organizations, and providers of health care, including the Maryland Hospital Association, the Medical and Chirurgical Faculty of Maryland, and licensed or certified providers of treatment for a mental illness, emotional disorder, or a drug abuse or alcohol abuse disorder, shall adopt regulations to implement the provisions of this subtitle.

(2) (i) Subject to the provisions of subparagraph (iii) of this paragraph, the regulations adopted by the [Secretary] COMMISSIONER shall include a uniform treatment plan form for utilization review of services for the treatment of a mental illness, emotional disorder, or a drug abuse or alcohol abuse disorder.

(ii) The uniform treatment plan form adopted by the [Secretary] COMMISSIONER:

1. Shall adequately protect the confidentiality of the patient; and

2. May only request the patient's membership number, policy number, or other similar unique patient identifier and first name for patient identification.

(iii) The [Secretary] COMMISSIONER may waive the requirements of regulations adopted under subparagraph (i) of this paragraph for the use of a uniform treatment plan form for any entity that would be using the form solely for internal purposes.

15-10B-04.

(a) An applicant for a certificate shall:

(1) Submit an application to the [Secretary] COMMISSIONER; and

(2) Pay to the [Secretary] COMMISSIONER the application fee established by the [Secretary] COMMISSIONER through regulation.

(b) The application shall:

(1) Be on a form and accompanied by any supporting documentation that the [Secretary] COMMISSIONER requires; and

(2) Be signed and verified by the applicant.

(c) The application fees required under subsection (a)(2) of this section or [§ 19-1306(b)(2)] § 15-10B-10(B)(2) of this subtitle shall be sufficient to pay for the administrative costs of the certificate program and any other costs associated with carrying out the provisions of this subtitle.

15-10B-05.

(a) In conjunction with the application, the private review agent shall submit information that the [Secretary] COMMISSIONER requires including:

(1) A utilization review plan that includes:

(i) The specific criteria and standards to be used in conducting utilization review of proposed or delivered services;

(ii) Those circumstances, if any, under which utilization review may be delegated to a hospital utilization review program; and

(iii) The provisions by which patients, physicians, or hospitals may seek reconsideration or appeal of adverse decisions by the private review agent;

(2) The type and qualifications of the personnel either employed or under contract to perform the utilization review;

(3) The procedures and policies to ensure that a representative of the private review agent is reasonably accessible to patients and providers 5 days a week during normal business hours in this State;

(4) The policies and procedures to ensure that all applicable State and federal laws to protect the confidentiality of individual medical records are followed;

(5) A copy of the materials designed to inform applicable patients and providers of the requirements of the utilization review plan;

(6) A list of the third party payors for which the private review agent is performing utilization review in this State;

(7) The policies and procedures to ensure that the private review agent has a formal program for the orientation and training of the personnel either employed or under contract to perform the utilization review;

(8) A list of the health care providers involved in establishing the specific criteria and standards to be used in conducting utilization review; and

(9) Certification by the private review agent that the criteria and standards to be used in conducting utilization review are:

(i) Objective;

(ii) Clinically valid;

(iii) Compatible with established principles of health care; and

(iv) Flexible enough to allow deviations from norms when justified on a case by case basis.

(b) At least 10 days before a private review agent requires any revisions or modifications to the specific criteria and standards to be used in conducting utilization review of proposed or delivered services, the private review agent shall submit those revisions or modifications to the [Secretary] COMMISSIONER.

15-10B-06.

(a) In this section, "utilization review" means a system for reviewing the appropriate and efficient allocation of health care resources and services given or proposed to be given to a patient or group of patients by a health care provider,

including a hospital or an intermediate care facility described under § 8-403(e) of [this article] THE HEALTH - GENERAL ARTICLE.

(e) (1) In the event a patient or health care provider, including a physician, intermediate care facility described under § 8-403(e) of [this article] THE HEALTH - GENERAL ARTICLE, or hospital seeks reconsideration or appeal of an adverse decision by a private review agent, the final determination of the appeal of the adverse decision shall be made based on the professional judgment of a physician, or a panel of other appropriate health care providers with at least 1 physician, selected by the private review agent who is:

(i) 1. Board certified or eligible in the same specialty as the treatment under review; or

2. Actively practicing or has demonstrated expertise in the alcohol, drug abuse, or mental health service or treatment under review; and

(ii) Not compensated by the private review agent in a manner that provides a financial incentive directly or indirectly to deny or reduce coverage.

(2) In the event a patient or health care provider, including a physician, intermediate care facility described under § 8-403(e) of [this article] THE HEALTH - GENERAL ARTICLE, or hospital seeks reconsideration or appeal of an adverse decision by a private review agent, the final determination of the appeal of the adverse decision shall be stated in writing and shall reference the specific criteria and standards, including interpretive guidelines, upon which the denial or reduction in coverage is based.

(g) (1) A private review agent that requires a health care provider to submit a treatment plan in order for the private review agent to conduct utilization review of proposed or delivered services for the treatment of a mental illness, emotional disorder, or a drug abuse or alcohol abuse disorder:

(i) Shall accept the uniform treatment plan form adopted by the [Secretary under § 19-1303(e)] COMMISSIONER UNDER § 15-10B-03(D) of this subtitle as a properly submitted treatment plan form; and

(ii) May not impose any requirement to:

1. Modify the uniform treatment plan form or its content; or

2. Submit additional treatment plan forms.

(2) A uniform treatment plan form submitted under the provisions of this subsection:

(i) Shall be properly completed by the health care provider; and

(ii) May be submitted by electronic transfer.

15-10B-07.

(a) Except as specifically provided in [§ 19-1305.1] § 15-10B-06 of this subtitle:

(1) All adverse decisions shall be made by a physician or a panel of other appropriate health care providers with at least 1 physician on the panel.

(2) In the event a patient or health care provider, including a physician, intermediate care facility described in § 8-403(e) of [this article] THE HEALTH - GENERAL ARTICLE, or hospital seeks reconsideration or appeal of an adverse decision by a private review agent, the final determination of the appeal of the adverse decision shall be made based on the professional judgment of a physician or a panel of other appropriate health care providers with at least 1 physician on the panel.

(3) In the event a patient or health care provider, including a physician, intermediate care facility described in § 8-403(e) of [this article] THE HEALTH - GENERAL ARTICLE, or hospital seeks reconsideration or appeal of an adverse decision by a private review agent, the final determination of the appeal of the adverse decision shall:

(i) Be stated in writing and provide an explanation of the reason for the adverse decision; and

(ii) Reference the specific criteria and standards, including interpretive guidelines, upon which the adverse decision is based.

15-10B-09.

(e) (1) The private review agent or health maintenance organization may not require additional documentation from, require additional utilization review of, or otherwise provide financial disincentives for an attending provider who orders care for which coverage is required to be provided under this section, § 19-703 of [this article] THE HEALTH - GENERAL ARTICLE, or § 15-811 of [the Insurance Article] THIS ARTICLE.

15-10B-10.

(a) A certificate expires on the second anniversary of its effective date unless the certificate is renewed for a 2-year term as provided in this section.

(b) Before the certificate expires, a certificate may be renewed for an additional 2-year term if the applicant:

(1) Otherwise is entitled to the certificate;

(2) Pays to the [Secretary] COMMISSIONER the renewal fee set by the [Secretary] COMMISSIONER through regulation; and

(3) Submits to the [Secretary] COMMISSIONER:

(i) A renewal application on the form that the [Secretary] COMMISSIONER requires; and

(ii) Satisfactory evidence of compliance with any requirement under this subtitle for certificate renewal.

(c) If the requirements of this section are met, the [Secretary] COMMISSIONER shall renew a certificate.

[(d) The Secretary may delegate to the Commissioner the authority to renew a certificate to any health insurer or nonprofit health service plan regulated under the Insurance Article or health maintenance organization issued a certificate of authority in accordance with Subtitle 7 of this title that meets the requirements of this subtitle and all applicable regulations of the Secretary.]

15-10B-11.

(a) (1) The [Secretary] COMMISSIONER shall deny a certificate to any applicant if, upon review of the application, the [Secretary] COMMISSIONER finds that the applicant proposing to conduct utilization review does not:

(i) Have available the services of sufficient numbers of registered nurses, medical records technicians or similarly qualified persons supported and supervised by appropriate physicians to carry out its utilization review activities; and

(ii) Meet any applicable regulations the [Secretary] COMMISSIONER adopts under this subtitle relating to the qualifications of private review agents or the performance of utilization review.

(2) The [Secretary] COMMISSIONER shall deny a certificate to any applicant that does not provide assurances satisfactory to the [Secretary] COMMISSIONER that:

(i) The procedures and policies of the private review agent will protect the confidentiality of medical records in accordance with applicable State and federal laws; and

(ii) The private review agent will be accessible to patients and providers 5 working days a week during normal business hours in this State.

(b) The [Secretary] COMMISSIONER may revoke a certificate if the holder does not comply with performance assurances under this section, violates any provision of this subtitle, or violates any regulation adopted under any provision of this subtitle.

(c) (1) Before denying or revoking a certificate under this section, the [Secretary] COMMISSIONER shall provide the applicant or certificate holder with reasonable time to supply additional information demonstrating compliance with the requirements of this subtitle and the opportunity to request a hearing.

(2) If an applicant or certificate holder requests a hearing, the [Secretary] COMMISSIONER shall send a hearing notice by certified mail, return receipt requested, at least 30 days before the hearing.

(3) The [Secretary] COMMISSIONER shall hold the hearing in accordance with Title 10, Subtitle 2 of the State Government Article.

15-10B-12.

The [Secretary] COMMISSIONER may waive the requirements of this subtitle for a private review agent that operates solely under contract with the federal government for utilization review of patients eligible for hospital services under Title XVIII of the Social Security Act.

15-10B-13.

The [Secretary] COMMISSIONER shall periodically provide a list of private review agents issued certificates and the renewal date for those certificates to:

(1) The Maryland Chamber of Commerce;

(2) The Medical and Chirurgical Faculty of Maryland;

(3) The Maryland Hospital Association;

(4) All hospital utilization review programs; and

(5) Any other business or labor organization requesting the list.

15-10B-14.

The [Secretary] COMMISSIONER may establish reporting requirements to:

(1) Evaluate the effectiveness of private review agents; and

(2) Determine if the utilization review programs are in compliance with the provisions of this section and applicable regulations.

15-10B-17.

(b) (1) In addition to the provisions of subsection (a) of this section, the [Secretary] COMMISSIONER may impose an administrative penalty of up to $1,000 for a violation of any provision of this subtitle.

(2) The [Secretary] COMMISSIONER shall adopt regulations to provide standards for the imposition of an administrative penalty under paragraph (1) of this subsection.

15-10B-18.

(a) Any person aggrieved by a final decision of the [Secretary] COMMISSIONER in a contested case under this subtitle may take a direct judicial appeal.

27-304.

It is an unfair claim settlement practice and a violation of this subtitle for an insurer or nonprofit health service plan, when committed with the frequency to indicate a general business practice, to:

(1) misrepresent pertinent facts or policy provisions that relate to the claim or coverage at issue;

(2) fail to acknowledge and act with reasonable promptness on communications about claims that arise under policies;

(3) fail to adopt and implement reasonable standards for the prompt investigation of claims that arise under policies;

(4) refuse to pay a claim without conducting a reasonable investigation based on all available information;

(5) fail to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed;

(6) fail to make a prompt, fair, and equitable good faith attempt, to settle claims for which liability has become reasonably clear;

(7) compel insureds to institute litigation to recover amounts due under policies by offering substantially less than the amounts ultimately recovered in actions brought by the insureds;

(8) attempt to settle a claim for less than the amount to which a reasonable person would expect to be entitled after studying written or printed advertising material accompanying, or made part of, an application;

(9) attempt to settle a claim based on an application that is altered without notice to, or the knowledge or consent of, the insured;

(10) fail to include with each claim paid to an insured or beneficiary a statement of the coverage under which the payment is being made;

(11) make known to insureds or claimants a policy of appealing from arbitration awards in order to compel insureds or claimants to accept a settlement or compromise less than the amount awarded in arbitration;

(12) delay an investigation or payment of a claim by requiring a claimant or a claimant's licensed health care provider to submit a preliminary claim report and

subsequently to submit formal proof of loss forms that contain substantially the same information;

(13) fail to settle a claim promptly whenever liability is reasonably clear under one part of a policy, in order to influence settlements under other parts of the policy;

(14) fail to provide promptly a reasonable explanation of the basis for denial of a claim or the offer of a compromise settlement; [or]

(15) fail to meet the requirements of [Title 19, Subtitle 13 of the Health - General Article] TITLE 15, SUBTITLE 10B OF THIS ARTICLE for preauthorization for a health care service; OR

(16) FAIL TO COMPLY WITH THE PROVISIONS OF TITLE 15, SUBTITLE 10A OF THIS ARTICLE.

SECTION 3. AND BE IT FURTHER ENACTED, That the Health Education and Advocacy Unit in the Division of Consumer Protection of the Office of the Attorney General and the Maryland Insurance Commissioner shall enter into a Memorandum of Understanding on or before October 1, 1998, with respect to provisions enacted by Section 2 of this Act regarding: (1) the format and contents of the annual report required under § 15-10A-08 of the Insurance Article; and (2) funding from the Maryland Insurance Administration for the activities of the Health Education and Advocacy Unit required under §§ 15-10A-02, 15-10A-07, and 15-10A-08 of the Insurance Article.

SECTION 4. AND BE IT FURTHER ENACTED, That the Health Education and Advocacy Unit, in conjunction with other affected State government agencies, shall study and make recommendations to the Legislative Policy Committee, the Senate Finance Committee, the House Economic Matters Committee, and the House Environmental Matters Committee by October 1, 1999, about the feasibility and advisability of requiring all carriers to have a uniform internal grievance review process for members in accordance with regulations adopted by the Maryland Insurance Commissioner.

SECTION 5. AND BE IT FURTHER ENACTED, That the Maryland Insurance Administration, as part of the annual report required under § 15-10A-06 of the Insurance Article, shall report the number of complaints filed against carriers related to a hospital length of stay or a requirement to have a service performed on an outpatient basis, and the extent to which the complaints are related to a certain clinical practice guideline.

SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect June 1, 1998.

SECTION 7. AND BE IT FURTHER ENACTED, That Section 5 of this Act shall remain in effect for a period of 2 years and, at the end of June 30, 2000, with no further action required by the General Assembly, Section 5 of this Act shall be abrogated and of no further force and effect.

SECTION 8. AND BE IT FURTHER ENACTED, That, except as provided in Section 6 of this Act, this Act shall take effect July 1, 1998.