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By: **Senator Madden**

Introduced and read first time: February 6, 1998

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2                           **Health Insurance - Reimbursements to Health Care Practitioners - Costs of**  
3                           **Drugs**

4 FOR the purpose of prohibiting a carrier from reimbursing a health care practitioner  
5 in an amount that is less than the cost to the health care practitioner for the cost  
6 of a drug used in treating a patient under certain circumstances; providing for a  
7 certain exception; and generally relating to the reimbursement of drug costs to  
8 health care practitioners in health insurance.

9 BY repealing and reenacting, without amendments,  
10 Article - Health - General  
11 Section 19-706(i)  
12 Annotated Code of Maryland  
13 (1996 Replacement Volume and 1997 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article - Insurance  
16 Section 15-113  
17 Annotated Code of Maryland  
18 (1997 Volume)

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

21                           **Article - Health - General**

22 19-706.

23 (i) The provisions of §§ 15-105, 15-112, 15-113, 15-804, and 15-812 of the  
24 Insurance Article shall apply to health maintenance organizations.

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**Article - Insurance**

2 15-113.

3 (a) (1) In this section the following words have the meanings indicated.

4 (2) "Carrier" means:

5 (i) an insurer;

6 (ii) a nonprofit health service plan;

7 (iii) a health maintenance organization;

8 (iv) a dental plan organization; or

9 (v) any other person that provides health benefit plans subject to  
10 regulation by the State.11 (3) "Health care practitioner" means an individual who is licensed,  
12 certified, or otherwise authorized under the Health Occupations Article to provide  
13 health care services.14 (b) A carrier may not reimburse a health care practitioner in an amount less  
15 than the sum or rate negotiated in the carrier's provider contract with the health care  
16 practitioner.17 (c) This section does not prohibit a carrier from providing bonuses or other  
18 incentive-based compensation to a health care practitioner if the bonus or other  
19 incentive-based compensation does not:

20 (1) violate § 19-705.1 of the Health - General Article; or

21 (2) deter the delivery of medically appropriate care to an enrollee.

22 (D) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A  
23 CARRIER MAY NOT REIMBURSE A HEALTH CARE PRACTITIONER IN AN AMOUNT THAT  
24 IS LESS THAN THE COST TO THE HEALTH CARE PRACTITIONER FOR THE COST OF A  
25 DRUG USED BY THE HEALTH CARE PRACTITIONER IN TREATING A PATIENT IN THE  
26 OFFICE OF THE HEALTH CARE PRACTITIONER.27 (2) A CARRIER MAY REIMBURSE A HEALTH CARE PRACTITIONER AN  
28 AMOUNT THAT IS LESS THAN THE COST TO THE HEALTH CARE PRACTITIONER FOR  
29 THE COST OF A DRUG USED BY THE HEALTH CARE PRACTITIONER IN TREATING A  
30 PATIENT IN THE OFFICE OF THE HEALTH CARE PRACTITIONER IF THE CARRIER  
31 PROVIDES AN ALTERNATIVE MECHANISM OR PROGRAM FOR THE HEALTH CARE  
32 PRACTITIONER TO USE TO OBTAIN THE DRUG THAT IS NOT UNDULY BURDENSOME  
33 ON THE HEALTH CARE PRACTITIONER OR THE PATIENT.34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
35 October 1, 1998.

