
By: **Delegate Donoghue**
Introduced and read first time: February 5, 1999
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 10, 1999

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance - ~~Private Review Agents~~ - Coverage Determinations and**
3 **Retroactive Adverse Decisions**

4 FOR the purpose of ~~altering the circumstances under which a private review agent~~
5 ~~may retrospectively render an adverse decision regarding preauthorized or~~
6 ~~approved health care services; and generally relating to private review agents~~
7 ~~and retroactive adverse decisions in health insurance~~ repealing certain
8 circumstances under which a private review agent may render a retroactive
9 adverse decision for preauthorized health care services based on a lack of
10 coverage for an individual or a specific health care service; requiring that
11 certain group health insurance contracts contain a provision requiring certain
12 entities to continue to pay the premium for an insured individual until notice of
13 termination of coverage for that individual has been received by the carrier; and
14 generally relating to coverage determinations by insurers and retroactive
15 adverse decisions based on such determinations.

16 BY repealing and reenacting, with amendments,
17 Article - Insurance
18 Section 15-10B-07(c)
19 Annotated Code of Maryland
20 (1997 Volume and 1998 Supplement)

21 BY adding to
22 Article - Insurance
23 Section 15-303(f)
24 Annotated Code of Maryland
25 (1997 Volume and 1998 Supplement)

1 BY adding to
2 Article - Health - General
3 Section 19-706(ff)
4 Annotated Code of Maryland
5 (1996 Volume and 1998 Supplement)

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

8 **Article - Insurance**

9 15-303.

10 (F) EACH POLICY OF GROUP HEALTH INSURANCE SHALL CONTAIN A
11 PROVISION THAT REQUIRES THE EMPLOYER, LABOR UNION, ASSOCIATION, OR
12 OTHER ENTITY TO WHICH A POLICY OF GROUP HEALTH INSURANCE HAS BEEN
13 ISSUED TO CONTINUE TO PAY THE PREMIUM FOR AN EMPLOYEE, MEMBER, OR
14 DEPENDENT UNDER THE POLICY UNTIL NOTICE OF TERMINATION OF COVERAGE
15 HAS BEEN RECEIVED BY THE INSURER.

16 15-10B-07.

17 (c) (1) Except as provided in paragraph (2) of this subsection, if a course of
18 treatment has been preauthorized or approved for a patient, a private review agent
19 may not retrospectively render an adverse decision regarding the preauthorized or
20 approved services delivered to that patient.

21 (2) A private review agent may retrospectively render an adverse
22 decision regarding preauthorized or approved services delivered to a patient if:

23 (i) [the patient, on the date the services were rendered, was not
24 insured by or an enrollee, subscriber, or member of the entity that the private review
25 agent is affiliated with, under contract with, or acting on behalf of;

26 (ii)] the information submitted to the private review agent
27 regarding the services to be delivered to the patient was fraudulent or intentionally
28 misrepresentative or critical information requested by the private review agent
29 regarding services to be delivered to the patient was omitted such that the private
30 review agent's determination would have been different had it known the critical
31 information; OR

32 [(iii) except for determinations of appropriateness or medical
33 necessity of the covered services that were preauthorized, the services would not be
34 covered in whole or in part under the policy or contract; or

35 (iv)] (II) the planned course of treatment for the patient that was
36 approved by the private review agent was not substantially followed by the provider.

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Article - Health - General

2 19-706.

3 (FF) THE PROVISIONS OF § 15-303(F) OF THE INSURANCE ARTICLE APPLY TO
4 HEALTH MAINTENANCE ORGANIZATIONS.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 October 1, 1999.