

SENATE BILL 699

Unofficial Copy
C3

1999 Regular Session
9lr2414
CF 9lr2150

By: **Senator Bromwell**

Introduced and read first time: February 19, 1999

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Health Care Regulatory Fund and Complaint Process for**
3 **Adverse Decisions or Grievances**

4 FOR the purpose of exempting certain carriers from the health care regulatory
5 assessment for the Health Care Regulatory Fund and from the requirements
6 relating to the adverse decision and grievance process; altering a certain
7 definition; defining a certain term; and generally relating to the Health Care
8 Regulatory Fund and the establishment of an internal grievance process by
9 carriers.

10 BY repealing and reenacting, with amendments,

11 Article - Insurance
12 Section 2-112.2 and 15-10A-01
13 Annotated Code of Maryland
14 (1997 Volume and 1998 Supplement)

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

17 **Article - Insurance**

18 2-112.2.

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

20 (2) "Carrier" means A PERSON THAT OFFERS A HEALTH BENEFIT PLAN
21 AND IS:

22 [(i) an insurer that offers health insurance other than long term
23 care insurance or disability insurance]

24 (I) AN AUTHORIZED INSURER THAT PROVIDES HEALTH
25 INSURANCE IN THE STATE;

26 (ii) a nonprofit health service plan;

- 1 (iii) a health maintenance organization;
- 2 (iv) a dental plan organization; or
- 3 (v) except for a managed care organization as defined in Title 15,
4 Subtitle 1 of the Health - General Article, any other person that provides health
5 benefit plans subject to regulation by the State.

6 (3) (I) "HEALTH BENEFIT PLAN" MEANS:

- 7 1. A HOSPITAL OR MEDICAL POLICY OR CERTIFICATE,
8 INCLUDING THOSE ISSUED UNDER MULTIPLE EMPLOYER TRUSTS OR ASSOCIATIONS
9 LOCATED IN MARYLAND OR ANY OTHER STATE COVERING MARYLAND RESIDENTS;
- 10 2. A POLICY, CONTRACT, OR CERTIFICATE ISSUED BY A
11 NONPROFIT HEALTH SERVICE PLAN THAT COVERS MARYLAND RESIDENTS;
- 12 3. A HEALTH MAINTENANCE ORGANIZATION CONTRACT; OR
- 13 4. A DENTAL PLAN.

14 (II) "HEALTH BENEFIT PLAN" DOES NOT INCLUDE ONE OR MORE,
15 OR ANY COMBINATION OF THE FOLLOWING:

- 16 1. LONG-TERM CARE INSURANCE;
- 17 2. DISABILITY INSURANCE;
- 18 3. ACCIDENTAL TRAVEL AND ACCIDENTAL DEATH AND
19 DISMEMBERMENT INSURANCE;
- 20 4. CREDIT HEALTH INSURANCE;
- 21 5. ANY INSURANCE, MEDICAL POLICY, OR CERTIFICATE FOR
22 WHICH PAYMENT OF BENEFITS ARE CONDITIONED ON A DETERMINATION OF
23 MEDICAL NECESSITY MADE SOLELY BY THE TREATING HEALTH CARE PROVIDER;
- 24 6. ANY INSURANCE, MEDICAL POLICY, OR CERTIFICATE FOR
25 WHICH PAYMENT OF BENEFITS IS NOT CONDITIONED ON A DETERMINATION OF
26 MEDICAL NECESSITY; OR
- 27 7. A HEALTH BENEFIT PLAN ISSUED BY A MANAGED CARE
28 ORGANIZATION, AS DEFINED IN TITLE 15, SUBTITLE 1 OF THE HEALTH - GENERAL
29 ARTICLE.

30 [(3)] (4) (i) "Premium" has the meaning stated in § 1-101 of this
31 article to the extent it is allocable to health insurance policies or contracts issued or
32 delivered in this State.

33 (ii) "Premium" includes any amounts paid to a health maintenance
34 organization as compensation for providing to members and subscribers the services

1 specified in Title 19, Subtitle 7 of the Health - General Article to the extent the
2 amounts are allocable to this State.

3 (b) The Commissioner shall:

4 (1) collect a health care regulatory assessment from each carrier for the
5 costs attributable to the implementation of Title 15, Subtitles 10A, 10B, and 10C of
6 this article; and

7 (2) deposit the amounts collected under paragraph (1) of this subsection
8 into the health care regulatory fund established in § 2-112.3 of this subtitle.

9 (c) The health care regulatory assessment that is payable by each carrier
10 shall be calculated by taking the total costs under subsection (b)(1) of this section
11 multiplied by the percentage of gross direct health insurance premiums written in the
12 State attributable to that carrier in the prior calendar year.

13 15-10A-01.

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

15 (b) (1) "Adverse decision" means a utilization review determination by a
16 private review agent, a carrier, or a health care provider acting on behalf of a carrier
17 that:

18 (i) a proposed or delivered health care service covered under the
19 member's contract is or was not medically necessary, appropriate, or efficient; and

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

21 (2) "Adverse decision" does not include a decision concerning a
22 subscriber's status as a member.

23 (c) "Carrier" means A PERSON THAT OFFERS A HEALTH BENEFIT PLAN AND
24 IS:

25 [(1) an insurer that offers health insurance other than long term care
26 insurance or disability insurance;]

27 (1) AN AUTHORIZED INSURER THAT PROVIDES HEALTH INSURANCE IN
28 THE STATE;

29 (2) a nonprofit health service plan;

30 (3) a health maintenance organization;

31 (4) a dental plan organization; or

32 (5) EXCEPT FOR A MANAGED CARE ORGANIZATION AS DEFINED IN TITLE
33 15, SUBTITLE 1 OF THE HEALTH - GENERAL ARTICLE, any other person that provides
34 health benefit plans subject to regulation by the State.

1 (d) "Complaint" means a protest filed with the Commissioner involving an
2 adverse decision or grievance decision concerning the member.

3 (e) "Grievance" means a protest filed by a member or a health care provider on
4 behalf of a member with a carrier through the carrier's internal grievance process
5 regarding an adverse decision concerning the member.

6 (f) "Grievance decision" means a final determination by a carrier that arises
7 from a grievance filed with the carrier under its internal grievance process regarding
8 an adverse decision concerning a member.

9 (g) "Health Advocacy Unit" means the Health Education and Advocacy Unit in
10 the Division of Consumer Protection of the Office of the Attorney General established
11 under Title 13, Subtitle 4A of the Commercial Law Article.

12 (H) (1) "HEALTH BENEFIT PLAN" MEANS:

13 (I) A HOSPITAL OR MEDICAL POLICY OR CERTIFICATE, INCLUDING
14 THOSE ISSUED UNDER MULTIPLE EMPLOYER TRUSTS OR ASSOCIATIONS LOCATED IN
15 MARYLAND OR ANY OTHER STATE COVERING MARYLAND RESIDENTS;

16 (II) A POLICY, CONTRACT, OR CERTIFICATE ISSUED BY A
17 NONPROFIT HEALTH SERVICE PLAN THAT COVERS MARYLAND RESIDENTS;

18 (III) A HEALTH MAINTENANCE ORGANIZATION CONTRACT; OR

19 (IV) A DENTAL PLAN.

20 (2) "HEALTH BENEFIT PLAN" DOES NOT INCLUDE ONE OR MORE, OR ANY
21 COMBINATION OF THE FOLLOWING:

22 (I) LONG-TERM CARE INSURANCE;

23 (II) DISABILITY INSURANCE;

24 (III) ACCIDENTAL TRAVEL AND ACCIDENTAL DEATH AND
25 DISMEMBERMENT INSURANCE;

26 (IV) CREDIT HEALTH INSURANCE;

27 (V) ANY INSURANCE, MEDICAL POLICY, OR CERTIFICATE FOR
28 WHICH PAYMENT OF BENEFITS ARE CONDITIONED ON A DETERMINATION OF
29 MEDICAL NECESSITY MADE SOLELY BY THE TREATING HEALTH CARE PROVIDER;

30 (VI) ANY INSURANCE, MEDICAL POLICY, OR CERTIFICATE FOR
31 WHICH PAYMENT OF BENEFITS IS NOT CONDITIONED ON A DETERMINATION OF
32 MEDICAL NECESSITY; OR

33 (VII) A HEALTH BENEFIT PLAN ISSUED BY A MANAGED CARE
34 ORGANIZATION, AS DEFINED IN TITLE 15, SUBTITLE 1 OF THE HEALTH - GENERAL
35 ARTICLE.

1 [(h)] (I) "Health care provider" means:

2 (1) an individual who is licensed under the Health Occupations Article to
3 provide health care services in the ordinary course of business or practice of a
4 profession and is a treating provider of the member; or

5 (2) a hospital, as defined in § 19-301 of the Health - General Article.

6 [(i)] (J) "Health care service" means a health or medical care procedure or
7 service rendered by a health care provider that:

8 (1) provides testing, diagnosis, or treatment of a human disease or
9 dysfunction; or

10 (2) dispenses drugs, medical devices, medical appliances, or medical
11 goods for the treatment of a human disease or dysfunction.

12 [(j)] (K) (1) "Member" means a person entitled to health care benefits under
13 a policy, plan, or certificate issued or delivered in the State by a carrier.

14 (2) "Member" includes:

15 (i) a subscriber; and

16 (ii) unless preempted by federal law, a Medicare recipient.

17 (3) "Member" does not include a Medicaid recipient.

18 [(k)] (L) "Private review agent" has the meaning stated in § 15-10B-01 of this
19 title.

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