

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL NO. 5

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, strike "Assumption Contracts - Member and Provider Protection"; strike beginning with "and" in line 5 down through "contracts" in line 6; in line 6, after "requirements;" insert "clarifying the responsibility of certain health maintenance organizations for certain claims and payments for health care services under an administrative service provider contract;"; in line 8, strike "and downstream risk assumption contracts"; and strike beginning with "authorizing" in line 9 down through "contractor;" in line 15.

On pages 1 and 2, strike beginning with "prohibiting" in line 17 on page 1 down through "claims;" in line 3 on page 2 and substitute "specifying the type of financial statement that a certain contracting provider must provide to a certain health maintenance organization; requiring a certain health maintenance organization to establish a certain fund; requiring a certain contracting provider to submit monthly reports to a certain health maintenance organization on the status of certain payments and compliance with certain laws; specifying the frequency of certain audits;".

On page 2, strike beginning with "clarifying" in line 5 down through "Commissioner;" in line 14; in line 15, after "Commissioner;" insert "requiring certain health maintenance organizations to file certain information with the Commissioner;"; strike beginning with "requiring" in line 15 down through "plan;" in line 18; strike beginning with "specifying" in line 19 down through "acts;" in line 25 and substitute "specifying that the failure of a certain health maintenance organization to comply with the terms of a certain contract is a violation of certain provisions of law; providing that a certain segregated fund is not the asset of a certain contracting provider; establishing a certain registration system for certain contracting providers; prohibiting a health maintenance organization from contracting with a certain unregistered contracting provider; providing for certain application requirements; authorizing the Commissioner to adopt certain regulations;"; strike beginning with "requiring" in line 25 down through "Secretary;" in line 26 and substitute "altering certain definitions;"; in line 26, after "terms;" insert "requiring the Commissioner to submit a certain report".

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to the Governor and the General Assembly on or before a certain date;"; in line 27, strike "licensed health services contractors, "; in line 29, strike "and downstream risk assumption contracts"; after line 29, insert:

"BY renumbering

Article - Health - General

Section 19-713.3 and 19-713.4, respectively

to be Section 19-713.4 and 19-713.5, respectively

Annotated Code of Maryland

(1996 Replacement Volume and 1999 Supplement)";

in line 37, strike "19-706(y)," and substitute "19-712(b), 19-713.2,"; in the same line, after "19-729," insert "and"; in the same line, strike ", and 19-7A-03"; and after line 39, insert:

"BY adding to

Article - Health - General

Section 19-712(c) and 19-713.3

Annotated Code of Maryland

(1996 Replacement Volume and 1999 Supplement)".

On pages 2 and 3, strike in their entirety the lines beginning with line 40 on page 2 through line 1 on page 3, inclusive.

On page 3, in line 4, strike "9-231 and"; strike in their entirety lines 7 through 13, inclusive, and substitute:

"SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 19-713.3 and 19-713.4, respectively, of Article - Health - General of the Annotated Code of Maryland be renumbered to be Section(s) 19-713.4 and 19-713.5, respectively.";

in line 14, strike "1." and substitute "2. AND"; in the same line, after "IT" insert "FURTHER"; and strike beginning with "BY" in line 14 down through "MARYLAND" in line 15.

AMENDMENT NO. 2

On page 3, strike beginning with "TITLE" in line 23 down through "SHALL" in line 24 and substitute "§§ 19-712, 19-713.2, AND 19-713.3 OF THIS ARTICLE"; and strike in their entirety lines 32 through 34, inclusive, and substitute:

"19-712.

(b) (1) A person who holds a certificate of authority to operate a health maintenance organization under this subtitle and who enters into any administrative service provider contract, as defined in [§ 19-713.1] § 19-713.2 of this subtitle, with a person or entity for the provision of health care services to subscribers shall be responsible for all claims or payments for health care services:

(i) Covered under the subscriber's contract; and

(ii) Rendered by a provider, who is not the person or entity which entered into the administrative service provider contract with the health maintenance organization, pursuant to a referral by a person or entity which entered into the administrative service provider contract with the health maintenance organization.

(2) Responsibility for claims and payments under this subsection is subject to the provisions of [§ 19-712.1 of this subtitle] § 15-1005 OF THE INSURANCE ARTICLE.

(C) THE RESPONSIBILITY OF A HEALTH MAINTENANCE ORGANIZATION FOR CLAIMS OR PAYMENTS FOR HEALTH CARE SERVICES IN ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION UNDER AN ADMINISTRATIVE SERVICE PROVIDER CONTRACT:

(1) IS NOT LIMITED BY THE AMOUNT IN A SEGREGATED FUND ESTABLISHED UNDER § 19-713.2 OF THIS TITLE;

(2) EXISTS IRRESPECTIVE OF THE INSOLVENCY OR OTHER INABILITY OR FAILURE OF A CONTRACTING PROVIDER, AS DEFINED IN § 19-713.2 OF THIS SUBTITLE, TO PAY;

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(3) EXISTS IRRESPECTIVE OF THE DELEGATION OR FURTHER SUBCONTRACTING OF HEALTH CARE SERVICES BY A CONTRACTING PROVIDER TO AN EXTERNAL PROVIDER, AS DEFINED IN § 19-713.2 OF THIS SUBTITLE;

(4) MAY NOT BE ALTERED BY CONTRACT; AND

(5) APPLIES TO ALL HEALTH CARE SERVICES, INCLUDING THOSE PROVIDED UNDER STATE AND FEDERAL PROGRAMS, UNLESS PREEMPTED BY FEDERAL LAW.”.

AMENDMENT NO. 3

On page 4, in line 1, strike the bracket; in line 11, strike “within” and substitute “WITH”; strike beginning with “physician” in line 13 down through “provider” in line 14 and substitute “PERSON”; in line 16, strike “health care provider” and substitute “PERSON”; in line 33, after “current” insert “, AUDITED”; strike beginning with “creation” in line 35 down through “of” in line 36 and substitute “HEALTH MAINTENANCE ORGANIZATION TO ESTABLISH”; and in line 36, after “fund” insert “, IN A FORM APPROVED BY THE COMMISSIONER, THAT IS:

(I)”.

On pages 4 and 5, strike beginning with “(which” in line 36 on page 4 down through “are” in line 2 on page 5.

On page 5, in line 4, after “organization;” insert “AND

(II) EQUAL TO AT LEAST 3 MONTHS OF CAPITATION AND OTHER PAYMENTS FOR HEALTH CARE SERVICES BY THE HEALTH MAINTENANCE ORGANIZATION TO THE CONTRACTING PROVIDER;”;

in line 8, strike “and”; in line 9, strike “Permit” and substitute “REQUIRE”; strike beginning with “at” in line 9 down through “notice” in line 10 and substitute “AT LEAST QUARTERLY”; in line 12, after “plan” insert “;

(6) REQUIRE THE HEALTH MAINTENANCE ORGANIZATION TO

INCLUDE A COPY OF THE FINANCIAL STATEMENT REQUIRED UNDER ITEM (2) OF THIS SUBSECTION IN ITS ANNUAL REPORT UNDER § 19-717 OF THIS SUBTITLE; AND

(7) REQUIRE THE CONTRACTING PROVIDER TO SUBMIT MONTHLY REPORTS TO THE HEALTH MAINTENANCE ORGANIZATION ON THE STATUS OF THE PAYMENTS MADE AND OWED TO EXTERNAL PROVIDERS AND THE COMPLIANCE BY THE CONTRACTING PROVIDER WITH § 15-1005 OF THE INSURANCE ARTICLE”;

in line 5, strike “or resources required” and substitute “ESTABLISHED”; in line 6, strike “paragraph” and substitute “ITEM”; in the same line, strike “create funds or other resources” and substitute “IS”; after line 14, insert:

“(E) (1) THE HEALTH MAINTENANCE ORGANIZATION SHALL FILE WITH THE COMMISSIONER THE RESULTS OF EACH QUARTERLY AUDIT REQUIRED UNDER SUBSECTION (C)(5) OF THIS SECTION.

(2) AT LEAST ANNUALLY, THE HEALTH MAINTENANCE ORGANIZATION SHALL FILE THE FOLLOWING INFORMATION WITH THE COMMISSIONER IN A FORM APPROVED BY THE COMMISSIONER:

(I) A COPY OR SUMMARY OF EACH ADMINISTRATIVE SERVICE PROVIDER CONTRACT;

(II) DOCUMENTATION OF CAPITATION AND OTHER PAYMENTS MADE UNDER EACH ADMINISTRATIVE SERVICE PROVIDER CONTRACT;

(III) THE NUMBER OF LIVES COVERED UNDER EACH ADMINISTRATIVE SERVICE PROVIDER CONTRACT;

(IV) THE FUNDING AND STATUS OF EACH SEGREGATED FUND;
AND

(V) ANY OTHER INFORMATION THE COMMISSIONER

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DETERMINES TO BE APPROPRIATE.”;

in lines 15, 24, and 27, strike “(e)”, “(f)”, and “(g)”, respectively, and substitute “(F)”, “(G)”, and “(H)”, respectively; in line 21, after “shall” insert “NOTIFY THE COMMISSIONER AND SHALL”; in line 23, after “provider” insert “, AS REQUIRED UNDER § 19-712 OF THIS SUBTITLE”; and in line 29, strike the bracket.

AMENDMENT NO. 4

On page 5, after line 29, insert:

“(I) THE SEGREGATED FUND ESTABLISHED UNDER SUBSECTION (C) OF THIS SECTION MAY NOT BE CONSIDERED AN ASSET OF A CONTRACTING PROVIDER FOR THE PURPOSE OF DETERMINING THE ASSETS OF A CONTRACTING PROVIDER.

“(J) IT IS A VIOLATION OF THIS SECTION FOR A HEALTH MAINTENANCE ORGANIZATION TO FAIL TO COMPLY WITH THE TERMS OF AN ADMINISTRATIVE SERVICE PROVIDER CONTRACT.

19-713.3.

“(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

“(2) “ADMINISTRATIVE SERVICE PROVIDER CONTRACT” HAS THE MEANING STATED IN § 19-713.2 OF THIS SUBTITLE.

“(3) “CONTRACTING PROVIDER” HAS THE MEANING STATED IN § 19-713.2 OF THIS SUBTITLE.

“(B) (1) A PERSON MUST REGISTER WITH THE COMMISSIONER BEFORE THE PERSON ACTS AS A CONTRACTING PROVIDER IN THIS STATE.

“(2) A HEALTH MAINTENANCE ORGANIZATION MAY NOT ENTER INTO AN ADMINISTRATIVE SERVICE PROVIDER CONTRACT WITH A CONTRACTING

PROVIDER THAT HAS NOT REGISTERED WITH THE COMMISSIONER.

(C) (1) AN APPLICANT FOR REGISTRATION SHALL:

(I) SUBMIT AN APPLICATION TO THE COMMISSIONER IN A FORM APPROVED BY THE COMMISSIONER AND INCLUDE ANY INFORMATION REQUIRED UNDER SUBSECTION (D) OF THIS SECTION; AND

(II) PAY TO THE COMMISSIONER AN APPLICATION FEE ESTABLISHED BY THE COMMISSIONER BY REGULATION SUFFICIENT TO COVER THE COSTS ASSOCIATED WITH CARRYING OUT THE PROVISIONS OF THIS SECTION AND § 19-713.2 OF THIS SUBTITLE.

(2) (I) A REGISTRATION UNDER THIS SECTION EXPIRES 2 YEARS FROM THE DATE THE APPLICATION IS APPROVED.

(D) THE REGISTRATION APPLICATION MAY REQUIRE THE FOLLOWING INFORMATION:

(1) THE AMOUNT OF CAPITATION AND OTHER PAYMENTS RECEIVED BY THE CONTRACTING PROVIDER UNDER ALL ADMINISTRATIVE SERVICE PROVIDER CONTRACTS ON AN ANNUAL BASIS, INCLUDING AMOUNTS RECEIVED UNDER STATE AND FEDERAL PROGRAMS;

(2) THE NUMBER OF LIVES COVERED BY THE CONTRACTING PROVIDER UNDER ALL ADMINISTRATIVE SERVICE PROVIDER CONTRACTS;

(3) INFORMATION RELATING TO THE CONTROL OF THE APPLICANT, INCLUDING THE IDENTITY OF:

(I) MANAGEMENT;

(II) THE BOARD OF DIRECTORS; AND

(Over)

(III) CONTROLLING OWNERS;

(4) A DESCRIPTION OF THE MEDICAL CARE DELIVERY SYSTEM OF THE CONTRACTING PROVIDER, INCLUDING A COPY OF ANY CONTRACT RELATED TO THE PROVISION OF ANY SERVICE REQUIRED UNDER THE ADMINISTRATIVE SERVICE PROVIDER CONTRACT; AND

(5) A COPY OF THE MOST RECENT AUDITED ANNUAL FINANCIAL STATEMENT REQUIRED UNDER § 19-713.2(C)(2) OF THIS SUBTITLE.

(E) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THE REQUIREMENTS OF THIS SECTION.”.

AMENDMENT NO. 5

On page 6, in line 15, strike the brackets; and in line 16, strike “10D,”.

On page 7, in line 2, strike the brackets; strike beginning with “EXCEPT” in line 2 down through “IMPOSE” in line 3; in line 9, after “organization;” insert “OR”; strike in their entirety lines 10 and 11; in line 12, strike “(7)” and substitute “(6)”; strike beginning with “TITLE” in line 16 down through “ARTICLE” in line 17 and substitute “§ 19-712, § 19-713.2, OR § 19-713.3 OF THIS SUBTITLE”; and strike in their entirety lines 22 through 36, inclusive.

AMENDMENT NO. 6

On pages 8 and 9, strike in their entirety the lines beginning with line 2 on page 8 through line 15 on page 9, inclusive.

AMENDMENT NO. 7

On page 10, in line 19, strike “UTILIZED” and substitute “USED”.

On pages 10 through 21, strike in their entirety the lines beginning with line 28 on page 10 through line 8 on page 21, inclusive.

AMENDMENT NO. 8

On page 21, before line 9, insert:

“SECTION 3. AND BE IT FURTHER ENACTED, That, on or before January 1, 2002, the Insurance Commissioner, after reviewing the information obtained from registrants under § 19-713.3 of the Insurance Article, as enacted by Section 2 of this Act, shall submit a report to the Governor and the General Assembly, in accordance with § 2-1246 of the State Government Article, on the Commissioner’s recommendations as to whether, and to what extent, contracting providers should be subject to additional regulation for the protection of health care providers and consumers. The report shall include recommendations relating to licensing standards, solvency requirements, and the application of State receivership laws.”;

and in line 9, strike “2.” and substitute “4.”.