

HOUSE BILL 4

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2000 Regular Session
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(PRE-FILED)

By: **Delegates Taylor, Dewberry, Hurson, Busch, Guns, Harrison, Hixson,
Howard, Kopp, Menes, Montague, Rawlings, Rosenberg, and Vallario**

Requested: November 15, 1999

Introduced and read first time: January 12, 2000

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Nonprofit Health Entity Responsibility Act of 2000**

3 FOR the purpose of requiring nonprofit hospitals to submit a certain report to the
4 Health Services Cost Review Commission; specifying the contents of a certain
5 report; requiring the Commission to write a certain report; requiring the
6 Commission to make a certain report available to the public; requiring the
7 Commission to establish a format for reporting certain information; expressing a
8 certain public policy; imposing certain requirements on certain nonprofit health
9 service plans; making a certain tax exemption subject to certain requirements;
10 requiring certain nonprofit health service plans to submit an annual report;
11 providing that a nonprofit health service plan can satisfy certain requirements
12 by establishing certain facts; requiring the Maryland Insurance Commissioner
13 to issue a certain order; defining certain terms; providing certain penalties;
14 providing for a certain hearing; and generally relating to nonprofit health
15 entities.

16 BY adding to
17 Article - Health - General
18 Section 19-303
19 Annotated Code of Maryland
20 (1996 Replacement Volume and 1999 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article - Insurance
23 Section 6-101
24 Annotated Code of Maryland
25 (1997 Volume and 1999 Supplement)

26 BY adding to
27 Article - Insurance
28 Section 14-106 and 14-107
29 Annotated Code of Maryland

1 (1997 Volume and 1999 Supplement)

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

4 **Article - Health - General**

5 19-303.

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

8 (2) "COMMISSION" MEANS THE HEALTH SERVICES COST REVIEW
9 COMMISSION.

10 (3) "COMMUNITY BENEFIT" MEANS AN ACTIVITY THAT IS INTENDED TO
11 ADDRESS COMMUNITY NEEDS AND PRIORITIES PRIMARILY THROUGH DISEASE
12 PREVENTION AND IMPROVEMENT OF HEALTH STATUS, INCLUDING:

13 (I) HEALTH SERVICES PROVIDED TO VULNERABLE OR
14 UNDERSERVED POPULATIONS SUCH AS MEDICAID, MEDICARE, OR MARYLAND
15 CHILDREN'S HEALTH PROGRAM ENROLLEES;

16 (II) FINANCIAL OR IN KIND SUPPORT OF PUBLIC HEALTH
17 PROGRAMS;

18 (III) DONATIONS OF FUNDS, PROPERTY, OR OTHER RESOURCES
19 THAT CONTRIBUTE TO A COMMUNITY PRIORITY;

20 (IV) HEALTH CARE COST CONTAINMENT ACTIVITIES; AND

21 (V) HEALTH EDUCATION, SCREENING, AND PREVENTION
22 SERVICES.

23 (B) TO ASSIST IN IDENTIFYING COMMUNITY NEEDS, A NONPROFIT HOSPITAL:

24 (1) MAY CONSIDER, IF AVAILABLE, AN ANNUAL COMMUNITY NEEDS
25 ASSESSMENT DEVELOPED BY THE DEPARTMENT OR THE LOCAL HEALTH
26 DEPARTMENT FOR THE COUNTY IN WHICH THE NONPROFIT HOSPITAL IS LOCATED;

27 (2) MAY CONSULT WITH COMMUNITY LEADERS AND LOCAL HEALTH
28 CARE PROVIDERS; OR

29 (3) MAY CONSULT WITH ANY APPROPRIATE PERSON THAT CAN ASSIST
30 THE HOSPITAL IN IDENTIFYING COMMUNITY HEALTH NEEDS.

31 (C) (1) EACH NONPROFIT HOSPITAL SHALL SUBMIT AN ANNUAL
32 COMMUNITY BENEFIT REPORT TO THE HEALTH SERVICES COST REVIEW
33 COMMISSION DETAILING THE COMMUNITY BENEFITS PROVIDED DURING THE
34 PRECEDING YEAR.

1 (4) a surplus lines broker, who is subject to taxation in accordance with
2 Title 3, Subtitle 3 of this article; or

3 (5) an unauthorized insurer, who is subject to taxation in accordance
4 with Title 4, Subtitle 2 of this article.

5 14-106.

6 (A) IT IS THE PUBLIC POLICY OF THIS STATE THAT THE EXEMPTION FROM
7 TAXATION FOR NONPROFIT HEALTH SERVICE PLANS UNDER § 6-101(B)(1) OF THIS
8 ARTICLE IS GRANTED SO THAT FUNDS WHICH WOULD OTHERWISE BE COLLECTED
9 BY THE STATE AND SPENT FOR A PUBLIC PURPOSE SHALL BE USED IN A LIKE
10 MANNER AND AMOUNT BY THE NONPROFIT HEALTH SERVICE PLAN.

11 (B) BY MARCH 1 OF EACH YEAR OR A DEADLINE OTHERWISE IMPOSED BY THE
12 COMMISSIONER FOR GOOD CAUSE, EACH NONPROFIT HEALTH SERVICE PLAN SHALL
13 FILE WITH THE COMMISSIONER A PREMIUM TAX EXEMPTION REPORT THAT:

14 (1) IS IN A FORM APPROVED BY THE COMMISSIONER; AND

15 (2) DEMONSTRATES THAT THE PLAN HAS USED FUNDS EQUAL TO THE
16 VALUE OF THE PREMIUM TAX EXEMPTION PROVIDED TO THE PLAN UNDER § 6-101(B)
17 OF THIS ARTICLE, IN A MANNER THAT SERVES THE PUBLIC INTEREST IN
18 ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION.

19 (C) A NONPROFIT HEALTH SERVICE PLAN MAY SATISFY THE REQUIREMENT
20 IN SUBSECTION (B)(2) OF THIS SECTION BY ESTABLISHING THAT THE PLAN HAS:

21 (1) INCREASED ACCESS TO, OR THE AFFORDABILITY OF, ONE OR MORE
22 HEALTH CARE PRODUCTS OR SERVICES BY OFFERING AND SELLING HEALTH CARE
23 PRODUCTS OR SERVICES THAT ARE NOT REQUIRED OR PROVIDED FOR BY LAW;

24 (2) THROUGH PRICING POLICIES DESIGNED TO ENHANCE THE
25 AFFORDABILITY OF HEALTH CARE PRODUCTS OR SERVICES THAT ARE REQUIRED OR
26 PROVIDED FOR BY LAW, USED A GREATER PERCENTAGE OF PREMIUMS COLLECTED
27 FOR MEDICAL CARE THAN A COMPARABLE FOR PROFIT HEALTH INSURER AS
28 DETERMINED BY THE COMMISSIONER;

29 (3) USED UNDERWRITING STANDARDS NOT REQUIRED BY LAW TO
30 INCREASE THE AVAILABILITY OF ONE OR MORE HEALTH CARE SERVICES OR
31 PRODUCTS; OR

32 (4) SERVED THE PUBLIC INTEREST BY ANY METHOD OR PRACTICE
33 APPROVED BY THE COMMISSIONER.

34 (D) EACH REPORT FILED WITH THE COMMISSIONER UNDER SUBSECTION (B)
35 OF THIS SECTION IS A PUBLIC RECORD.

1 14-107.

2 (A) BY NOVEMBER 1 OF EACH YEAR, THE COMMISSIONER SHALL ISSUE AN
3 ORDER NOTIFYING EACH NONPROFIT HEALTH SERVICE PLAN OF WHETHER THE
4 PLAN HAS SATISFIED THE REQUIREMENTS OF § 14-106 OF THIS SUBTITLE.

5 (B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, IF
6 THE COMMISSIONER DETERMINES THAT A NONPROFIT HEALTH SERVICE PLAN HAS
7 NOT MET THE REQUIREMENTS OF § 14-106 OF THIS SUBTITLE, THE NONPROFIT
8 HEALTH SERVICE PLAN SHALL BE SUBJECT TO THE PREMIUM TAX UNDER TITLE 6,
9 SUBTITLE 1 OF THIS ARTICLE, BEGINNING IN THE CALENDAR YEAR AFTER THE YEAR
10 IN WHICH THE REPORT WAS FILED.

11 (2) A NONPROFIT HEALTH SERVICE PLAN THAT FAILS TO TIMELY FILE
12 THE REPORT REQUIRED UNDER § 14-106 OF THIS SUBTITLE:

13 (I) SHALL PAY THE PENALTIES UNDER § 14-121 OF THIS SUBTITLE;
14 AND

15 (II) MAY BE SUBJECT TO AN ORDER REQUIRING THE PLAN TO PAY
16 THE PREMIUM TAX.

17 (3) A PARTY AGGRIEVED BY AN ORDER OF THE COMMISSIONER ISSUED
18 UNDER THIS SECTION HAS A RIGHT TO A HEARING IN ACCORDANCE WITH §§ 2-210
19 THROUGH 2-215 OF THIS ARTICLE.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2000.