

---

By: **Senator Lawlah**  
Introduced and read first time: February 4, 2000  
Assigned to: Finance

---

A BILL ENTITLED

1 AN ACT concerning

2 **Health Maintenance Organizations - Enrollees and Subscribers - Payments**  
3 **to Nonparticipating Providers**

4 FOR the purpose of altering the scope of a provision that enrollees and subscribers of  
5 health maintenance organizations are not liable to health care providers for  
6 certain services to be applicable to health care providers under written contract  
7 with the health maintenance organization; altering the scope of certain  
8 provisions prohibiting a health care provider or representative of a health care  
9 provider from collecting or attempting to collect certain money from enrollees or  
10 subscribers under certain circumstances to be applicable to health care  
11 providers under written contract with the health maintenance organization;  
12 authorizing enrollees and subscribers to contract for the provision of health care  
13 services with health care providers not under contract with the health  
14 maintenance organization; and generally relating to payments to health care  
15 providers not under written contract with health maintenance organizations.

16 BY repealing and reenacting, with amendments,  
17 Article - Health - General  
18 Section 19-710(o) and 19-710.1  
19 Annotated Code of Maryland  
20 (1996 Replacement Volume and 1999 Supplement)

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

23 **Article - Health - General**

24 19-710.

25 (o) (1) Except as provided in paragraph (3) of this subsection, individual  
26 enrollees and subscribers of health maintenance organizations issued certificates of  
27 authority to operate in this State shall not be liable to any health care provider  
28 UNDER WRITTEN CONTRACT WITH THE HEALTH MAINTENANCE ORGANIZATION for  
29 any covered services provided to the enrollee or subscriber.

1                   (2)     (i)     A health care provider UNDER WRITTEN CONTRACT WITH THE  
2 HEALTH MAINTENANCE ORGANIZATION or any representative of a health care  
3 provider UNDER WRITTEN CONTRACT WITH THE HEALTH MAINTENANCE  
4 ORGANIZATION may not collect or attempt to collect from any subscriber or enrollee  
5 any money owed to the health care provider by a health maintenance organization  
6 issued a certificate of authority to operate in this State.

7                   (ii)     A health care provider UNDER WRITTEN CONTRACT WITH THE  
8 HEALTH MAINTENANCE ORGANIZATION or any representative of a health care  
9 provider UNDER WRITTEN CONTRACT WITH THE HEALTH MAINTENANCE  
10 ORGANIZATION may not maintain any action against any subscriber or enrollee to  
11 collect or attempt to collect any money owed to the health care provider by a health  
12 maintenance organization issued a certificate of authority to operate in this State.

13                  (3)     Notwithstanding any other provision of this subsection, a health care  
14 provider UNDER WRITTEN CONTRACT WITH THE HEALTH MAINTENANCE  
15 ORGANIZATION or representative of a health care provider UNDER WRITTEN  
16 CONTRACT WITH THE HEALTH MAINTENANCE ORGANIZATION may collect or attempt  
17 to collect from a subscriber or enrollee:

18                   (i)     Any copayment or coinsurance sums owed by the subscriber or  
19 enrollee to a health maintenance organization issued a certificate of authority to  
20 operate in this State for covered services provided by the health care provider; or

21                   (ii)     Any payment or charges for services not covered under the  
22 subscriber's contract.

23 19-710.1.

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

25                   (2)     "Enrollee" means a subscriber or member of the health maintenance  
26 organization.

27                   (3)     "Covered service" means a health care service included in the benefit  
28 package of the health maintenance organization and rendered to an enrollee of the  
29 health maintenance organization by a health care provider, including a physician or  
30 hospital, not under written contract with the health maintenance organization:

31                   (i)     Pursuant to a verbal or written referral by the enrollee's health  
32 maintenance organization or by a provider under written contract with the enrollee's  
33 health maintenance organization; or

34                   (ii)     That has been preauthorized or otherwise approved either  
35 verbally or in writing by the enrollee's health maintenance organization or a provider  
36 under written contract with the enrollee's health maintenance organization.

37                   (4)     "Adjunct claims documentation" means an abstract of an enrollee's  
38 medical record which describes and summarizes the diagnosis and treatment of, and  
39 services rendered to, the enrollee.

1 (b) (1) In addition to any other provisions of this subtitle, for a covered  
2 service rendered to an enrollee of a health maintenance organization by a health care  
3 provider not under written contract with the health maintenance organization, the  
4 health maintenance organization or its agent:

5 (i) Shall pay the health care provider within 30 days after the  
6 receipt of a claim in accordance with the applicable provisions of this subtitle; and

7 (ii) Shall pay the claim submitted by:

8 1. A hospital at the rate approved by the Health Services  
9 Cost Review Commission; and

10 2. Any other health care provider at the rate billed or at the  
11 usual, customary, and reasonable rate.

12 (2) A health maintenance organization that pays a health care provider  
13 at the usual, customary, and reasonable rate:

14 (i) Except for services rendered to medical assistance recipients or  
15 for services rendered under a contract entered into under § 1876(g) of the federal  
16 Social Security Act (42 U.S.C. § 1395mm), may not use Medicare, Medicaid, or  
17 workers' compensation payments as part of any methodology used to determine a  
18 payment at the usual, customary, and reasonable rate; and

19 (ii) On request of the health care provider, shall disclose the  
20 methodology used to determine the amount of payment.

21 (c) (1) A health maintenance organization may seek reimbursement from an  
22 enrollee for any payment under subsection (b) of this section for a claim or portion of  
23 a claim submitted by a health care provider and paid by the health maintenance  
24 organization that the health maintenance organization determines is the  
25 responsibility of the enrollee.

26 (2) The health maintenance organization may request and the health  
27 care provider shall provide adjunct claims documentation to assist in making the  
28 determination under paragraph (1) of this subsection or under subsection (b) of this  
29 section.

30 (D) THIS SECTION DOES NOT PROHIBIT AN ENROLLEE FROM PRIVATELY  
31 CONTRACTING FOR THE PROVISION OF HEALTH CARE SERVICES WITH A HEALTH  
32 CARE PROVIDER NOT UNDER CONTRACT WITH THE HEALTH MAINTENANCE  
33 ORGANIZATION.

34 [(d)] (E) In addition to any other penalties under this subtitle, the  
35 Commissioner may impose a penalty not to exceed \$5,000 on any health maintenance  
36 organization which violates the provisions of this section if the violation is committed  
37 with such frequency as to indicate a general business practice of the health  
38 maintenance organization.

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