
By: **Chairman, Environmental Matters Committee (Departmental - Health and Mental Hygiene)**

Introduced and read first time: February 1, 2001

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Medical Assistance Program - HealthChoice Performance**
3 **Incentive Fund**

4 FOR the purpose of establishing a HealthChoice Performance Incentive Fund in the
5 Department of Health and Mental Hygiene; specifying the purpose of the Fund;
6 requiring the Department to pay to the State Comptroller certain fines collected
7 by the Department from certain managed care organizations; requiring the
8 Comptroller to distribute certain moneys to the Fund; requiring the Legislative
9 Auditor to audit the Fund; providing for the application of this Act; and
10 generally relating to the Maryland Medical Assistance Program and the
11 HealthChoice Performance Incentive Fund.

12 BY repealing and reenacting, with amendments,
13 Article - Health - General
14 Section 15-103(b)(12)
15 Annotated Code of Maryland
16 (2000 Replacement Volume)

17 BY adding to
18 Article - Health - General
19 Section 15-103.3
20 Annotated Code of Maryland
21 (2000 Replacement Volume)

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

1 **Article - Health - General**

2 15-103.

3 (b) (12) (i) Each managed care organization shall notify each enrollee
4 when the enrollee should obtain an immunization, examination, or other wellness
5 service.

6 (ii) Each managed care organization shall:

7 1. Maintain evidence of compliance with paragraph (9) of
8 this subsection; and

9 2. Provide to the Department, upon initial application to
10 provide health care services to enrollees and on an annual basis thereafter, evidence
11 of compliance with paragraph (9) of this subsection, including submission of a written
12 plan.

13 (iii) A managed care organization that does not comply with
14 subparagraph (i) of this paragraph for at least 90% of its new enrollees:

15 1. Within 90 days of their enrollment may not receive more
16 than 80% of its capitation payments;

17 2. Within 180 days of their enrollment may not receive more
18 than 70% of its capitation payments; and

19 3. Within 270 days of their enrollment may not receive more
20 than 50% of its capitation payments.

21 (iv) If a managed care organization does not comply with the
22 requirements of paragraph (9) of this subsection, the Department may contract with
23 any community-based health organization that the Department determines is willing
24 and able to perform comprehensive outreach services to enrollees.

25 (v) In addition to the provisions of subparagraph (iv) of this
26 paragraph, if a managed care organization does not comply with the requirements of
27 paragraph (9) of this subsection or fails to provide evidence of compliance to the
28 Department under subparagraph (ii) of this paragraph, the Department may:

29 1. Impose a fine on the managed care organization WHICH
30 SHALL BE DEPOSITED IN THE HEALTHCHOICE PERFORMANCE INCENTIVE FUND
31 ESTABLISHED UNDER § 15-103.3 OF THIS SUBTITLE;

32 2. Suspend further enrollment into the managed care
33 organization;

34 3. Withhold all or part of the capitation rate from the
35 managed care organization;

36 4. Terminate the provider agreement; or

1 5. Disqualify the managed care organization from future
2 participation in the Maryland Medicaid Managed Care Program.

3 15-103.3.

4 (A) THERE IS A HEALTHCHOICE PERFORMANCE INCENTIVE FUND
5 ESTABLISHED IN THE DEPARTMENT.

6 (B) (1) THE DEPARTMENT SHALL PAY ALL FINES COLLECTED UNDER §
7 15-103(B)(12)(V) OF THIS SUBTITLE TO THE COMPTROLLER OF THE STATE.

8 (2) THE COMPTROLLER SHALL DISTRIBUTE THE FINES TO THE FUND.

9 (C) (1) THE FUND SHALL BE USED EXCLUSIVELY FOR THE MARYLAND
10 MEDICAL ASSISTANCE PROGRAM, INCLUDING PROVIDING FINANCIAL AWARDS TO
11 MANAGED CARE ORGANIZATIONS THAT EXCEED PERFORMANCE TARGETS.

12 (2) THE FUND IS A CONTINUING NONLAPSING FUND NOT SUBJECT TO §
13 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

14 (3) ANY UNSPENT PORTIONS OF THE FUND MAY NOT BE TRANSFERRED
15 OR REVERT TO THE GENERAL FUND OF THE STATE, BUT SHALL REMAIN IN THE FUND
16 TO BE USED FOR THE PURPOSES SPECIFIED IN THIS SECTION.

17 (D) (1) THE SECRETARY OR THE SECRETARY'S DESIGNEE SHALL
18 ADMINISTER THE FUND.

19 (2) THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT THE
20 PROVISIONS OF THIS SECTION, INCLUDING THE DISTRIBUTION OF MONIES FROM
21 THE FUND TO MANAGED CARE ORGANIZATIONS.

22 (E) THE LEGISLATIVE AUDITOR SHALL AUDIT THE ACCOUNTS AND
23 TRANSACTIONS OF THE FUND AS PROVIDED IN § 2-1220 OF THE STATE GOVERNMENT
24 ARTICLE.

25 SECTION 2. AND BE IT FURTHER ENACTED, That any fines imposed on
26 managed care organizations by the Department of Health and Mental Hygiene in
27 calendar year 1999 and calendar year 2000 shall be subject to the process established
28 under § 15-103.3 of the Health - General Article, as added by Section 1 of this Act.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 2001.