
By: **Delegate Donoghue**

Introduced and read first time: February 18, 2002

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Nonprofit Health Entities - Blue Cross and Blue Shield Trademarks**

3 FOR the purpose of requiring that a certain health service plan is organized in a
4 certain manner and complies with certain provisions of law; providing that
5 certain acquisitions are not in the public interest unless steps have been taken
6 to ensure that certain trademarks or service marks are not acquired by a certain
7 entity; making this Act an emergency measure; and generally relating to
8 trademarks, service marks, and nonprofit health entities.

9 BY repealing and reenacting, with amendments,

10 Article - Insurance

11 Section 14-103

12 Annotated Code of Maryland

13 (1997 Volume and 2001 Supplement)

14 BY repealing and reenacting, with amendments,

15 Article - State Government

16 Section 6.5-301(b)

17 Annotated Code of Maryland

18 (1999 Replacement Volume and 2001 Supplement)

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

21 **Article - Insurance**

22 14-103.

23 (A) Each nonprofit health service plan shall disclose on each document,
24 statement, announcement, and advertisement and in any representation it places
25 before the public that the nonprofit health service plan is a private not-for-profit
26 corporation.

27 (B) A HEALTH SERVICE PLAN IN THE STATE THAT OPERATES UNDER, USES, OR
28 DISPLAYS A BLUE CROSS OR BLUE SHIELD TRADEMARK OR SERVICE MARK AS

1 REGISTERED WITH THE SECRETARY OF STATE OR UNITED STATES PATENT AND
2 TRADEMARK OFFICE SHALL:

3 (1) BE ORGANIZED AND OPERATED AS A PRIVATE OR STATE-RUN
4 NONPROFIT CORPORATION; AND

5 (2) COMPLY WITH THE PROVISIONS OF THIS SUBTITLE.

6 **Article - State Government**

7 6.5-301.

8 (b) An acquisition is not in the public interest unless appropriate steps have
9 been taken to:

10 (1) ensure that the value of public or charitable assets is safeguarded;

11 (2) ensure that:

12 (i) EXCEPT AS PROVIDED IN ITEM (4) OF THIS SUBSECTION, the fair
13 value of the public or charitable assets of a nonprofit health service plan or a health
14 maintenance organization will be distributed to the Maryland Health Care
15 Foundation that was established in § 20-502 of the Health - General Article; or

16 (ii) 1. 40% of the fair value of the public or charitable assets of a
17 nonprofit hospital will be distributed to the Maryland Health Care Foundation that
18 was established in § 20-502 of the Health - General Article; and

19 2. 60% of the fair value of the public or charitable assets of a
20 nonprofit hospital will be distributed to a public or nonprofit charitable entity or trust
21 that is:

22 A. dedicated to serving the unmet health care needs of the
23 affected community;

24 B. dedicated to promoting access to health care in the
25 affected community;

26 C. dedicated to improving the quality of health care in the
27 affected community; and

28 D. independent of the transferee; [and]

29 (3) ensure that no part of the public or charitable assets of the
30 acquisition inure directly or indirectly to an officer, director, or trustee of a nonprofit
31 health entity; AND

32 (4) ENSURE THAT A BLUE CROSS OR BLUE SHIELD TRADEMARK OR
33 SERVICE MARK USED OR DISPLAYED BY A NONPROFIT HEALTH SERVICE PLAN OR

1 NONPROFIT HEALTH MAINTENANCE ORGANIZATION IS NOT ACQUIRED BY A
2 TRANSFEREE OR OTHER FOR-PROFIT CORPORATION AS PART OF THE TRANSACTION.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
4 measure, is necessary for the immediate preservation of the public health or safety,
5 has been passed by a ye and nay vote supported by three-fifths of all the members
6 elected to each of the two Houses of the General Assembly, and shall take effect from
7 the date it is enacted.