

**HOUSE BILL 1311**  
**EMERGENCY BILL**

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2002 Regular Session  
2r1922

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By: **Delegate Donoghue**

Introduced and read first time: February 18, 2002

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, February 25, 2002

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 23, 2002

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CHAPTER \_\_\_\_\_

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:

1

**Article - Insurance**

2 14-103.

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

7 (B) A NONPROFIT HEALTH SERVICE PLAN IN THE STATE THAT OPERATES  
8 UNDER, USES, OR DISPLAYS A BLUE CROSS OR BLUE SHIELD TRADEMARK OR  
9 SERVICE MARK AS REGISTERED WITH THE SECRETARY OF STATE OR UNITED STATES  
10 PATENT AND TRADEMARK OFFICE SHALL:

11 (1) BE ORGANIZED AND OPERATED AS A PRIVATE ~~OR STATE RUN~~  
12 NONPROFIT CORPORATION; AND

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

14

**Article - State Government**

15 6.5-301.

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

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

19 (2) ensure that:

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

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

27 2. 60% of the fair value of the public or charitable assets of a  
28 nonprofit hospital will be distributed to a public or nonprofit charitable entity or trust  
29 that is:

30 A. dedicated to serving the unmet health care needs of the  
31 affected community;

32 B. dedicated to promoting access to health care in the  
33 affected community;

1 C. dedicated to improving the quality of health care in the  
2 affected community; and

3 D. independent of the transferee; [and]

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

7 (4) ENSURE THAT A BLUE CROSS OR BLUE SHIELD TRADEMARK OR  
8 SERVICE MARK USED OR DISPLAYED BY A NONPROFIT HEALTH SERVICE PLAN OR  
9 NONPROFIT HEALTH MAINTENANCE ORGANIZATION IS NOT ACQUIRED BY A  
10 TRANSFEREE OR OTHER FOR-PROFIT CORPORATION AS PART OF THE ~~TRANSACTION~~  
11 ACQUISITION.

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