

SENATE BILL 91

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J4

2002 Regular Session
2lr0047

(PRE-FILED)

By: **Chairman, Finance Committee (Departmental - Insurance
Administration, Maryland)**

Requested: October 26, 2001

Introduced and read first time: January 9, 2002

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Managed Care Organizations and Health Maintenance**
3 **Organizations - Reporting Requirements and Penalties**

4 FOR the purpose of requiring managed care organizations and health maintenance
5 organizations to file certain reports with the Maryland Insurance
6 Commissioner; requiring managed care organizations and health maintenance
7 organizations to pay certain penalties under certain circumstances; clarifying
8 language; and generally relating to filing requirements and penalties for
9 managed care organizations and health maintenance organizations.

10 BY adding to

11 Article - Health - General
12 Section 15-102.3(e)
13 Annotated Code of Maryland
14 (2000 Replacement Volume and 2001 Supplement)

15 BY repealing and reenacting, with amendments,

16 Article - Health - General
17 Section 19-717
18 Annotated Code of Maryland
19 (2000 Replacement Volume and 2001 Supplement)

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

22 **Article - Health - General**

23 15-102.3.

24 (E) THE PROVISIONS OF § 19-717 OF THIS ARTICLE APPLY TO MANAGED CARE
25 ORGANIZATIONS IN THE SAME MANNER THEY APPLY TO HEALTH MAINTENANCE
26 ORGANIZATIONS.

1 19-717.

2 (a) Except as provided in subsection (b) of this section and unless, for good
3 cause shown, the Commissioner extends the time for a reasonable period:

4 (1) On or before March 1 of each year, each health maintenance
5 organization shall file with the Commissioner [a] AN ANNUAL report that shows the
6 financial condition of the health maintenance organization on the last day of the
7 preceding calendar year and any other information that the Commissioner requires
8 by rule or regulation; and

9 (2) On or before June 1 of each year, each health maintenance
10 organization shall file with the Commissioner an audited financial report for the
11 preceding calendar year.

12 (b) A health maintenance organization that has a fiscal year other than the
13 calendar year may request permission to file both the annual report required under
14 subsection (a)(1) of this section and the audited financial report required under
15 subsection (a)(2) of this section at the end of its fiscal year rather than the preceding
16 calendar year. If the Commissioner grants this permission, the health maintenance
17 organization shall file the annual report with the Commissioner within 60 days after
18 the end of its fiscal year, and the health maintenance organization shall file the
19 audited financial report with the Commissioner within 150 days after the end of its
20 fiscal year.

21 (c) The annual report shall:

22 (1) Be on the forms that the Commissioner requires; and

23 (2) Include a description of any changes in the information submitted
24 under § 19-708 of this subtitle.

25 (d) The audited financial report shall:

26 (1) Be on the forms that the Commissioner requires; and

27 (2) Be certified by an audit of a certified public accounting firm.

28 (e) Each financial report filed under this section is a public record.

29 (F) AT ANY TIME, THE COMMISSIONER MAY REQUIRE A HEALTH
30 MAINTENANCE ORGANIZATION TO FILE AN INTERIM FINANCIAL REPORT
31 CONTAINING THE INFORMATION THE COMMISSIONER CONSIDERS NECESSARY.

32 (G) EXCEPT AS PROVIDED IN SUBSECTIONS (A) AND (B) OF THIS SECTION, A
33 HEALTH MAINTENANCE ORGANIZATION THAT FAILS TO FILE AN ANNUAL REPORT ON
34 OR BEFORE MARCH 10 SHALL PAY A PENALTY OF:

35 (1) \$100 FOR EACH DAY FROM MARCH 1 TO MARCH 10, BOTH INCLUSIVE;
36 AND

1 (2) \$150 FOR EACH DAY FROM MARCH 11 TO THE DAY BEFORE THE
2 COMMISSIONER RECEIVES THE REPORT, BOTH INCLUSIVE.

3 (H) EXCEPT AS PROVIDED IN SUBSECTIONS (A) AND (B) OF THIS SECTION, A
4 HEALTH MAINTENANCE ORGANIZATION THAT FAILS TO FILE AN AUDITED
5 FINANCIAL REPORT ON OR BEFORE JUNE 10 SHALL PAY A PENALTY OF:

6 (1) \$100 FOR EACH DAY FROM JUNE 1 TO JUNE 10, BOTH INCLUSIVE; AND

7 (2) \$150 FOR EACH DAY FROM JUNE 11 TO THE DAY BEFORE THE
8 COMMISSIONER RECEIVES THE REPORT, BOTH INCLUSIVE.

9 (I) A HEALTH MAINTENANCE ORGANIZATION THAT FAILS TO FILE AN
10 INTERIM FINANCIAL REPORT ON OR BEFORE THE DATE REQUIRED BY THE
11 COMMISSIONER SHALL PAY A PENALTY OF:

12 (1) \$100 FOR EACH DAY FROM THE REQUIRED FILING DATE TO THE
13 TENTH DAY AFTER THE REQUIRED FILING DATE, BOTH INCLUSIVE; AND

14 (2) \$150 FOR EACH DAY FROM THE ELEVENTH DAY AFTER THE
15 REQUIRED FILING DATE TO THE DAY BEFORE THE COMMISSIONER RECEIVES THE
16 REPORT, BOTH INCLUSIVE.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 October 1, 2002.