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By: **Delegates Donoghue, Mandel, Nathan-Pulliam, and Stern**  
Introduced and read first time: February 12, 2004  
Assigned to: Health and Government Operations

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance Carriers - Required Disclosures**

3 FOR the purpose of requiring certain health insurance carriers to provide certain  
4 disclosures regarding reimbursement for certain services under certain  
5 circumstances; requiring certain information to be included in certain  
6 disclosures; and generally relating to disclosures of health insurance carriers.

7 BY repealing and reenacting, with amendments,  
8 Article - Insurance  
9 Section 15-121  
10 Annotated Code of Maryland  
11 (2002 Replacement Volume and 2003 Supplement)

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

14 **Article - Insurance**

15 15-121.

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

17 (2) "Carrier" means:

18 (i) an insurer;

19 (ii) a nonprofit health service plan;

20 (iii) a health maintenance organization;

21 (iv) a dental plan organization;

22 (v) any person or entity acting as a third party administrator; or

1 (vi) except for a managed care organization as defined in Title 15,  
2 Subtitle 1 of the Health - General Article, any other person that provides health  
3 benefit plans subject to regulation by the State.

4 (3) "Contract" means any written agreement between a provider and a  
5 carrier for the provider to render health care services to enrollees of the carrier.

6 (4) "Enrollee" means any person or subscriber entitled to health care  
7 benefits from a carrier.

8 (5) "Health care services" means a health or medical care procedure or  
9 service rendered by a provider that:

10 (i) provides testing, diagnosis, or treatment of a human disease or  
11 dysfunction; or

12 (ii) dispenses drugs, medical devices, medical appliances, or  
13 medical goods for the treatment of a human disease or dysfunction.

14 (6) (i) "Provider" means a person or entity licensed, certified, or  
15 otherwise authorized under the Health Occupations Article or the Health - General  
16 Article to provide health care services.

17 (ii) "Provider" includes:

18 1. a health care facility;

19 2. a pharmacy;

20 3. a professional services corporation;

21 4. a partnership;

22 5. a limited liability company;

23 6. a professional office; or

24 7. any other entity licensed or authorized by law to provide  
25 or deliver professional health care services through or on behalf of a provider.

26 (b) This section applies to a carrier that provides health care services to  
27 enrollees, or otherwise makes health care services available to enrollees, through  
28 contracts with providers.

29 (c) (1) Each carrier shall identify and disclose in layman's terms in its  
30 enrollment sales materials the reimbursement methodology or methodologies the  
31 carrier uses to reimburse physicians for health care services rendered to enrollees,  
32 including capitation, case rates, discounted fee-for-service, and fee-for-service  
33 reimbursement methodologies.

1           (2)       The Maryland Health Care Commission shall develop a uniform  
2 definition in layman's terms of each reimbursement methodology required to be  
3 disclosed and identified by carriers under paragraph (1) of this subsection, including  
4 a representative example of a typical capitation arrangement between a carrier and a  
5 physician.

6       (d)       (1)       In addition to the requirements of subsection (c)(1) of this section,  
7 each carrier shall disclose in its enrollment sales materials the distribution of each  
8 \$100 it receives in premium dollars from enrollees for the preceding calendar year, for  
9 which data are available.

10           (2)       The disclosure required under paragraph (1) of this subsection shall  
11 be in the form of a pie chart or bar graph with descriptive terms and in layman's  
12 terms that identifies consistent with the National Association of Insurance  
13 Commissioners' health maintenance organization annual statement ("orange form"):

14                   (i)       the proportion of every \$100 in premium dollars that the carrier  
15 uses to pay providers for the direct provision of health care services to enrollees,  
16 including what proportion is for direct medical care expenses; and

17                   (ii)       the proportion of every \$100 in premium dollars that the carrier  
18 uses to pay for plan administration.

19       (E)       (1)       IN ADDITION TO THE REQUIREMENTS OF SUBSECTIONS (C)(1) AND  
20 (D)(2) OF THIS SECTION, EACH CARRIER SHALL IDENTIFY AND DISCLOSE IN ITS  
21 ENROLLMENT SALES MATERIALS THE CARRIER'S POLICIES REGARDING  
22 REIMBURSEMENT FOR HEALTH CARE SERVICES WHEN THE COVERAGE THE CARRIER  
23 IS OBLIGATED TO PROVIDE IS SECONDARY TO THE COVERAGE PROVIDED BY  
24 ANOTHER CARRIER, INCLUDING MEDICARE.

25           (2)       THE DISCLOSURE REQUIRED UNDER PARAGRAPH (1) OF THIS  
26 SUBSECTION SHALL INCLUDE, AT A MINIMUM, INFORMATION ON REIMBURSEMENT  
27 FOR COPAYMENTS, DEDUCTIBLES, COINSURANCE, AND HEALTH CARE SERVICES NOT  
28 COVERED BY THE PRIMARY CARRIER.

29       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 October 1, 2004.