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By: ~~Delegate Donoghue~~ Delegates Donoghue, Barve, Benson, Boteler,  
Bromwell, Costa, Elliott, Frank, Hammen, Hubbard, Kach, Kohl, Kullen,  
Mandel, McDonough, Morhaim, Murray, Nathan-Pulliam, Oaks,  
Pendergrass, Rudolph, V. Turner, and Weldon

Introduced and read first time: February 8, 2006  
Assigned to: Health and Government Operations

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 20, 2006

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Health Insurance - Contracts of Carriers with Providers, Ambulatory**  
3 **Surgical Facilities, or Hospitals - Prohibited Provisions**

4 FOR the purpose of prohibiting carriers from including in contracts with providers,  
5 ambulatory surgical facilities, or hospitals certain terms or conditions relating  
6 to reimbursement rates and reimbursement arrangements; making a violation  
7 of this Act an unfair and deceptive practice for purposes of insurance; and  
8 generally relating to contracts of carriers with providers, ambulatory surgical  
9 facilities, and hospitals under health insurance.

10 BY adding to  
11 Article - Health - General  
12 Section 19-706(ggg)  
13 Annotated Code of Maryland  
14 (2005 Replacement Volume and 2005 Supplement)

15 BY repealing and reenacting, ~~without~~ with amendments,  
16 Article - Insurance  
17 Section 15-112(a)  
18 Annotated Code of Maryland  
19 (2002 Replacement Volume and 2005 Supplement)

20 BY adding to  
21 Article - Insurance

1 Section 15-112(m) and 27-222  
 2 Annotated Code of Maryland  
 3 (2002 Replacement Volume and 2005 Supplement)

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

6 **Article - Health - General**

7 19-706.

8 (GGG) THE PROVISIONS OF § 27-222 OF THE INSURANCE ARTICLE APPLY TO  
 9 HEALTH MAINTENANCE ORGANIZATIONS.

10 **Article - Insurance**

11 15-112.

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

13 (2) "AMBULATORY SURGICAL FACILITY" HAS THE MEANING STATED IN §  
 14 19-3B-01 OF THE HEALTH - GENERAL ARTICLE.

15 ~~(2)~~ (3) (i) "Carrier" means:

- 16 1. an insurer;
- 17 2. a nonprofit health service plan;
- 18 3. a health maintenance organization;
- 19 4. a dental plan organization; or
- 20 5. any other person that provides health benefit plans
- 21 subject to regulation by the State.

22 (ii) "Carrier" includes an entity that arranges a provider panel for a  
 23 carrier.

24 ~~(3)~~ (4) "Enrollee" means a person entitled to health care benefits from  
 25 a carrier.

26 (5) "HOSPITAL" HAS THE MEANING STATED IN § 19-301 OF THE HEALTH -  
 27 GENERAL ARTICLE.

28 ~~(4)~~ (6) "Provider" means a health care practitioner or group of health  
 29 care practitioners licensed, certified, or otherwise authorized by law to provide health  
 30 care services.

1           ~~(5)~~    (7)    (i)       "Provider panel" means the providers that contract either  
2 directly or through a subcontracting entity with a carrier to provide health care  
3 services to the carrier's enrollees under the carrier's health benefit plan.

4                   (ii)       "Provider panel" does not include an arrangement in which any  
5 provider may participate solely by contracting with the carrier to provide health care  
6 services at a discounted fee-for-service rate.

7       (M)     A CARRIER MAY NOT INCLUDE IN A CONTRACT WITH A PROVIDER,  
8 AMBULATORY SURGICAL FACILITY, OR HOSPITAL A TERM OR CONDITION THAT:

9           (1)     PROHIBITS THE PROVIDER, AMBULATORY SURGICAL FACILITY, OR  
10 HOSPITAL FROM OFFERING TO PROVIDE SERVICES TO THE ENROLLEES OF ANOTHER  
11 CARRIER AT A LOWER RATE OF REIMBURSEMENT;

12           (2)     REQUIRES THE PROVIDER, AMBULATORY SURGICAL FACILITY, OR  
13 HOSPITAL TO PROVIDE THE CARRIER WITH THE SAME REIMBURSEMENT  
14 ARRANGEMENT THAT THE PROVIDER, AMBULATORY SURGICAL FACILITY, OR  
15 HOSPITAL HAS WITH ANOTHER CARRIER IF THE REIMBURSEMENT ARRANGEMENT  
16 WITH THE OTHER CARRIER IS FOR A LOWER RATE OF REIMBURSEMENT; OR

17           (3)     REQUIRES THE PROVIDER, AMBULATORY SURGICAL FACILITY, OR  
18 HOSPITAL TO CERTIFY TO THE CARRIER THAT THE REIMBURSEMENT RATE BEING  
19 PAID BY THE CARRIER TO THE PROVIDER, AMBULATORY SURGICAL FACILITY, OR  
20 HOSPITAL IS NOT HIGHER THAN THE REIMBURSEMENT RATE BEING RECEIVED BY  
21 THE PROVIDER, AMBULATORY SURGICAL FACILITY, OR HOSPITAL FROM ANOTHER  
22 CARRIER.

23 27-222.

24     A PERSON MAY NOT VIOLATE § 15-112(M) OF THIS ARTICLE.

25     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 October 1, 2006.