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

Introduced and read first time: January 25, 2006

Rules suspended

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Discount Medical Plan Organizations and Discount Drug Plan**
3 **Organizations - Registration and Regulation**

4 FOR the purpose of providing for the regulation by the Maryland Insurance
5 Commissioner of certain discount medical plan organizations and discount drug
6 plan organizations; requiring the registration of certain entities as discount
7 medical plan organizations or discount drug plan organizations; providing for
8 the application and renewal process for registration; authorizing the
9 Commissioner to deny a registration or refuse to renew, suspend, or revoke a
10 registration under certain circumstances; prohibiting certain actions by a
11 discount medical plan organization and discount drug plan organization;
12 requiring certain disclosures to be made by discount medical plan organizations
13 and discount drug plan organizations; requiring a plan member to receive
14 certain reimbursement if the plan member or a discount medical plan
15 organization or discount drug plan organization cancels membership under
16 certain circumstances; requiring that certain information appear on certain
17 discount cards; authorizing the examination of discount medical plan
18 organizations and discount drug plan organizations under certain
19 circumstances; authorizing the Commissioner to take certain actions to enforce
20 certain provisions of law; providing for certain penalties; providing for the
21 payment of the examinations; requiring an insurer, nonprofit health service
22 plan, health maintenance organization, or dental plan organization to meet
23 certain requirements; requiring the Commissioner to adopt certain regulations;
24 defining certain terms; providing for the application of this Act; and generally
25 relating to discount medical plan organizations and discount drug plan
26 organizations.

27 BY adding to
28 Article - Health - General
29 Section 19-706(hhh)
30 Annotated Code of Maryland
31 (2005 Replacement Volume and 2005 Supplement)

1 BY repealing and reenacting, with amendments,
 2 Article - Insurance
 3 Section 2-208
 4 Annotated Code of Maryland
 5 (2003 Replacement Volume and 2005 Supplement)

6 BY adding to
 7 Article - Insurance
 8 Section 14-601 through 14-612, inclusive, to be under the new subtitle "Subtitle
 9 6. Discount Medical Plan Organizations and Discount Drug Plan
 10 Organizations"
 11 Annotated Code of Maryland
 12 (2002 Replacement Volume and 2005 Supplement)

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

15 **Article - Health - General**

16 19-706.

17 (HHH) THE PROVISIONS OF TITLE 14, SUBTITLE 6 OF THE INSURANCE ARTICLE
 18 APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.

19 **Article - Insurance**

20 2-208.

21 The expense incurred in an examination made under § 2-205 of this subtitle, §
 22 2-206 of this subtitle for surplus lines brokers and insurance holding corporations, §
 23 23-207 of this article for premium finance companies, § 15-10B-19 of this article for
 24 private review agents, [or] § 15-10B-20 of this article, OR § 14-610 OF THIS ARTICLE
 25 FOR DISCOUNT MEDICAL PLAN ORGANIZATIONS AND DISCOUNT DRUG PLAN
 26 ORGANIZATIONS shall be paid by the person examined in the following manner:

27 (1) the person examined shall pay to the Commissioner the travel
 28 expenses, a living expense allowance, and a per diem as compensation for examiners,
 29 actuaries, and typists:

30 (i) to the extent incurred for the examination; and

31 (ii) at reasonable rates set by the Commissioner;

32 (2) the Commissioner may present a detailed account of expenses
 33 incurred to the person examined periodically during the examination or at the end of
 34 the examination, as the Commissioner considers proper; and

1 (3) a person may not pay and an examiner may not accept any
2 compensation for an examination in addition to the compensation under paragraph
3 (1) of this section.

4 SUBTITLE 6. DISCOUNT MEDICAL PLAN ORGANIZATIONS AND DISCOUNT DRUG
5 PLAN ORGANIZATIONS.

6 14-601.

7 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
8 INDICATED.

9 (B) (1) "DISCOUNT DRUG PLAN" MEANS A BUSINESS ARRANGEMENT OR
10 CONTRACT IN WHICH A PERSON, IN EXCHANGE FOR FEES, DUES, CHARGES, OR
11 OTHER FINANCIAL CONSIDERATION PAID BY OR ON BEHALF OF A PLAN MEMBER,
12 PROVIDES THE RIGHT TO RECEIVE DISCOUNTS ON SPECIFIED PHARMACEUTICAL
13 SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES FROM
14 SPECIFIED PROVIDERS.

15 (2) "DISCOUNT DRUG PLAN" DOES NOT INCLUDE A BUSINESS
16 ARRANGEMENT OR CONTRACT IN WHICH THE FEES, DUES, CHARGES, AND OTHER
17 FINANCIAL CONSIDERATION PAID BY OR ON BEHALF OF A PLAN MEMBER CONSIST
18 ONLY OF:

19 (I) A PAYMENT MADE DIRECTLY TO A PROVIDER AS A DISPENSING
20 OR TRANSACTIONAL FEE IN CONNECTION WITH THE PURCHASE OF
21 PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND
22 SUPPLIES THAT ARE SUBJECT TO A DISCOUNT; OR

23 (II) AN ADMINISTRATIVE OR PROCESSING FEE PAID BY ANYONE
24 OTHER THAN A PLAN MEMBER TO A PROVIDER IN CONNECTION WITH THAT
25 PROVIDER'S PROVISION OF DISCOUNTS TO PLAN MEMBERS.

26 (C) "DISCOUNT DRUG PLAN ORGANIZATION" MEANS AN ENTITY THAT:

27 (1) ESTABLISHES A DISCOUNT DRUG PLAN; AND

28 (2) CONTRACTS DIRECTLY OR INDIRECTLY WITH PROVIDERS OR
29 PROVIDER NETWORKS TO PROVIDE PHARMACEUTICAL SUPPLIES, PRESCRIPTION
30 DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES AT A DISCOUNT TO PLAN MEMBERS.

31 (D) "DISCOUNT MEDICAL PLAN" MEANS A BUSINESS ARRANGEMENT OR
32 CONTRACT IN WHICH A PERSON, IN EXCHANGE FOR FEES, DUES, CHARGES, OR
33 OTHER FINANCIAL CONSIDERATION PAID BY OR ON BEHALF OF A PLAN MEMBER,
34 PROVIDES THE RIGHT TO RECEIVE DISCOUNTS ON SPECIFIED MEDICAL SERVICES
35 FROM SPECIFIED PROVIDERS.

36 (E) "DISCOUNT MEDICAL PLAN ORGANIZATION" MEANS AN ENTITY THAT:

37 (1) ESTABLISHES A DISCOUNT MEDICAL PLAN; AND

1 (2) CONTRACTS DIRECTLY OR INDIRECTLY WITH PROVIDERS OR
2 PROVIDER NETWORKS TO PROVIDE MEDICAL SERVICES AT A DISCOUNT TO PLAN
3 MEMBERS.

4 (F) "HOSPITAL SERVICES" HAS THE MEANING STATED IN § 19-201 OF THE
5 HEALTH - GENERAL ARTICLE.

6 (G) "MEDICAL SERVICES" MEANS ANY CARE, SERVICE, OR TREATMENT OF
7 ILLNESS OR DYSFUNCTION OF, OR INJURY TO, THE HUMAN BODY, INCLUDING
8 PHYSICIAN CARE, OUTPATIENT SERVICES, AMBULANCE SERVICES, DENTAL CARE
9 SERVICES, VISION CARE SERVICES, MENTAL HEALTH SERVICES, SUBSTANCE ABUSE
10 SERVICES, CHIROPRACTIC SERVICES, PODIATRIC CARE SERVICES, AND LABORATORY
11 SERVICES.

12 (H) "MEDICARE PRESCRIPTION DRUG PLAN" MEANS A PLAN THAT PROVIDES A
13 MEDICARE PART D PRESCRIPTION DRUG BENEFIT IN ACCORDANCE WITH THE
14 REQUIREMENTS OF THE FEDERAL MEDICARE MODERNIZATION ACT.

15 (I) "PLAN MEMBER" MEANS ANY INDIVIDUAL WHO PAYS FEES, DUES,
16 CHARGES, OR OTHER FINANCIAL CONSIDERATION FOR THE RIGHT TO RECEIVE THE
17 BENEFITS OF A DISCOUNT MEDICAL PLAN OR A DISCOUNT DRUG PLAN.

18 (J) "PROVIDER" MEANS:

19 (1) ANY PERSON OR INSTITUTION WHICH IS CONTRACTED, DIRECTLY OR
20 INDIRECTLY, WITH A DISCOUNT MEDICAL PLAN ORGANIZATION TO PROVIDE
21 MEDICAL SERVICES TO PLAN MEMBERS; OR

22 (2) ANY PERSON OR INSTITUTION WHICH IS CONTRACTED, DIRECTLY OR
23 INDIRECTLY, WITH A DISCOUNT DRUG PLAN ORGANIZATION TO PROVIDE
24 PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND
25 SUPPLIES TO PLAN MEMBERS.

26 (K) "STATE PRESCRIPTION DRUG PLAN" MEANS ANY DISCOUNT PLAN
27 OPERATED BY A STATE AGENCY.

28 14-602.

29 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS
30 SUBTITLE DOES NOT APPLY TO AN INSURER, NONPROFIT HEALTH SERVICE PLAN,
31 HEALTH MAINTENANCE ORGANIZATION, OR DENTAL PLAN ORGANIZATION THAT
32 HOLDS A CERTIFICATE OF AUTHORITY IN THIS STATE.

33 (B) AN INSURER, NONPROFIT HEALTH SERVICE PLAN, HEALTH
34 MAINTENANCE ORGANIZATION, OR DENTAL PLAN ORGANIZATION SHALL:

35 (1) COMPLY WITH §§ 14-606 THROUGH 14-611 OF THIS SUBTITLE;

1 (2) NOTIFY THE COMMISSIONER IN WRITING THAT IT SELLS, MARKETS,
2 OR SOLICITS A DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN IN THE STATE;
3 AND

4 (3) MAINTAIN ON FILE WITH THE COMMISSIONER A CURRENT LIST OF
5 THE PERSONS AUTHORIZED TO SELL, MARKET, OR SOLICIT A DISCOUNT MEDICAL
6 PLAN OR DISCOUNT DRUG PLAN ESTABLISHED BY THE INSURER, NONPROFIT
7 HEALTH SERVICE PLAN, HEALTH MAINTENANCE ORGANIZATION, OR DENTAL PLAN
8 ORGANIZATION.

9 (C) THIS SUBTITLE DOES NOT APPLY TO MEDICARE PRESCRIPTION DRUG
10 PLANS OR TO A STATE PRESCRIPTION DRUG PLAN.

11 14-603.

12 (A) (1) AN ENTITY SHALL REGISTER WITH THE COMMISSIONER AS A
13 DISCOUNT MEDICAL PLAN ORGANIZATION BEFORE A DISCOUNT MEDICAL PLAN
14 ESTABLISHED BY THAT ENTITY IS SOLD, MARKETED, OR SOLICITED IN THE STATE.

15 (2) A DISCOUNT MEDICAL PLAN MAY NOT BE SOLD, MARKETED, OR
16 SOLICITED IN THE STATE UNLESS THE DISCOUNT MEDICAL PLAN ORGANIZATION
17 THAT ESTABLISHED THE DISCOUNT MEDICAL PLAN IS REGISTERED WITH THE
18 COMMISSIONER.

19 (B) (1) AN ENTITY SHALL REGISTER WITH THE COMMISSIONER AS A
20 DISCOUNT DRUG PLAN ORGANIZATION BEFORE A DISCOUNT DRUG PLAN
21 ESTABLISHED BY THAT ENTITY IS SOLD, MARKETED, OR SOLICITED IN THE STATE.

22 (2) A DISCOUNT DRUG PLAN MAY NOT BE SOLD, MARKETED, OR
23 SOLICITED IN THE STATE UNLESS THE DISCOUNT DRUG PLAN ORGANIZATION THAT
24 ESTABLISHED THE DISCOUNT DRUG PLAN IS REGISTERED WITH THE
25 COMMISSIONER.

26 (C) AN APPLICANT FOR REGISTRATION SHALL:

27 (1) FILE WITH THE COMMISSIONER AN APPLICATION ON THE FORM
28 THAT THE COMMISSIONER REQUIRES; AND

29 (2) PAY TO THE COMMISSIONER AN APPLICATION FEE OF \$250.

30 (D) AN ENTITY THAT IS REQUIRED TO REGISTER WITH THE COMMISSIONER
31 UNDER BOTH SUBSECTIONS (A) AND (B) OF THIS SECTION MAY FILE ONE
32 APPLICATION WITH THE COMMISSIONER AND PAY ONE APPLICATION FEE.

33 (E) AN APPLICANT SHALL FILE WITH ITS APPLICATION A LIST OF THE
34 PERSONS AUTHORIZED TO SELL, MARKET, OR SOLICIT A DISCOUNT MEDICAL PLAN
35 OR DISCOUNT DRUG PLAN ESTABLISHED BY THE APPLICANT.

1 14-604.

2 (A) A REGISTRATION EXPIRES ON THE SECOND JUNE 30 FOLLOWING THE
3 REGISTRATION UNLESS IT IS RENEWED AS PROVIDED IN THIS SECTION.

4 (B) BEFORE A REGISTRATION EXPIRES, THE REGISTRANT MAY RENEW IT FOR
5 AN ADDITIONAL 2-YEAR TERM, IF THE REGISTRANT:

6 (1) OTHERWISE IS ENTITLED TO BE REGISTERED;

7 (2) FILES WITH THE COMMISSIONER A RENEWAL APPLICATION ON THE
8 FORM THAT THE COMMISSIONER REQUIRES; AND

9 (3) PAYS TO THE COMMISSIONER A RENEWAL FEE OF \$150.

10 (C) AN APPLICATION FOR RENEWAL OF A REGISTRATION SHALL BE
11 CONSIDERED MADE IN A TIMELY MANNER IF IT IS POSTMARKED ON OR BEFORE
12 JUNE 30 OF THE YEAR OF RENEWAL.

13 (D) SUBJECT TO THE PROVISIONS OF § 14-605 OF THIS SUBTITLE, THE
14 COMMISSIONER SHALL RENEW THE REGISTRATION OF EACH REGISTRANT THAT
15 MEETS THE REQUIREMENTS OF THIS SECTION.

16 (E) A REGISTRANT SHALL MAINTAIN ON FILE WITH THE COMMISSIONER A
17 CURRENT LIST OF THE PERSONS AUTHORIZED TO SELL, MARKET, OR SOLICIT A
18 DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN ESTABLISHED BY THE
19 REGISTRANT.

20 14-605.

21 (A) SUBJECT TO THE HEARING PROVISIONS OF TITLE 2 OF THIS ARTICLE, THE
22 COMMISSIONER MAY DENY A REGISTRATION TO AN APPLICANT OR REFUSE TO
23 RENEW, SUSPEND, OR REVOKE THE REGISTRATION OF A REGISTRANT IF THE
24 APPLICANT OR REGISTRANT, OR AN OFFICER, DIRECTOR, OR EMPLOYEE OF THE
25 APPLICANT OR REGISTRANT:

26 (1) MAKES A MATERIAL MISSTATEMENT OR MISREPRESENTATION IN AN
27 APPLICATION FOR REGISTRATION;

28 (2) FRAUDULENTLY OR DECEPTIVELY OBTAINS OR ATTEMPTS TO
29 OBTAIN A REGISTRATION FOR THE APPLICANT OR REGISTRANT OR FOR ANOTHER;

30 (3) HAS BEEN CONVICTED OF A FELONY OR OF A MISDEMEANOR
31 INVOLVING MORAL TURPITUDE;

32 (4) IN CONNECTION WITH THE ADMINISTRATION OF A DISCOUNT
33 MEDICAL PLAN OR DISCOUNT DRUG PLAN, COMMITS FRAUD OR ENGAGES IN
34 ILLEGAL OR DISHONEST ACTIVITIES;

35 (5) HAS VIOLATED ANY PROVISION OF THIS SUBTITLE OR A
36 REGULATION ADOPTED UNDER IT;

1 (6) PROVIDES A FALSE, FALSELY DISPARAGING, OR MISLEADING ORAL
2 OR WRITTEN STATEMENT, VISUAL DESCRIPTION, OR OTHER REPRESENTATION OF
3 ANY KIND THAT HAS THE CAPACITY, TENDENCY, OR EFFECT OF DECEIVING OR
4 MISLEADING CONSUMERS;

5 (7) MAKES A REPRESENTATION THAT A DISCOUNT MEDICAL PLAN OR
6 DISCOUNT DRUG PLAN HAS A SPONSORSHIP, APPROVAL, CHARACTERISTIC, USE, OR
7 BENEFIT THAT IT DOES NOT HAVE;

8 (8) HAS VIOLATED § 13-301 OF THE COMMERCIAL LAW ARTICLE; OR

9 (9) FAILS TO MAINTAIN ON FILE WITH THE COMMISSIONER A CURRENT
10 LIST OF THE PERSONS AUTHORIZED TO SELL, MARKET, OR SOLICIT A DISCOUNT
11 MEDICAL PLAN OR DISCOUNT DRUG PLAN ESTABLISHED BY THE APPLICANT OR THE
12 REGISTRANT.

13 (B) THIS SECTION DOES NOT LIMIT ANY REGULATORY POWER OF THE
14 COMMISSIONER UNDER TITLE 2 OF THIS ARTICLE.

15 14-606.

16 (A) A DISCOUNT MEDICAL PLAN ORGANIZATION AND A DISCOUNT DRUG PLAN
17 ORGANIZATION MAY NOT:

18 (1) USE IN THEIR ADVERTISEMENTS, MARKETING MATERIAL,
19 BROCHURES, AND DISCOUNT CARDS THE TERM "INSURANCE" EXCEPT:

20 (I) IN THE NAME OF AN INSURER, NONPROFIT HEALTH SERVICE
21 PLAN, OR HEALTH MAINTENANCE ORGANIZATION WHOSE CORPORATE NAME
22 INCLUDES THE WORD "INSURANCE";

23 (II) WHEN COMPARING THE DISCOUNT MEDICAL PLAN OR
24 DISCOUNT DRUG PLAN TO INSURANCE OR OTHERWISE DISTINGUISHING THE
25 DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN FROM INSURANCE; OR

26 (III) AS OTHERWISE PROVIDED IN THIS SUBTITLE.

27 (2) USE IN THEIR ADVERTISEMENTS, MARKETING MATERIAL,
28 BROCHURES, AND DISCOUNT CARDS THE TERMS "HEALTH PLAN", "COVERAGE",
29 "COPAY", "COPAYMENTS", "PREEXISTING CONDITIONS", "GUARANTEED ISSUE",
30 "PREMIUM", "PPO", "PREFERRED PROVIDER ORGANIZATION", OR OTHER TERMS, IN A
31 CONTEXT THAT COULD REASONABLY MISLEAD A PERSON INTO BELIEVING THE
32 DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN WAS HEALTH INSURANCE;

33 (3) HAVE RESTRICTIONS ON ACCESS TO DISCOUNT MEDICAL PLAN OR
34 DISCOUNT DRUG PLAN PROVIDERS, INCLUDING WAITING PERIODS AND
35 NOTIFICATION PERIODS;

1 (4) PAY PROVIDERS ANY FEES FOR MEDICAL SERVICES,
2 PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND
3 SUPPLIES;

4 (5) REFUSE TO MODIFY A PLAN MEMBER'S METHOD OF PAYMENT UPON
5 REQUEST, UNLESS A SPECIFIC METHOD OF PAYMENT IS REQUIRED AS A TERM OF
6 THE PLAN AND WAS AGREED TO IN WRITING IN ADVANCE BY THE MEMBER;

7 (6) IF MEMBERSHIP IS BILLED ON A MONTHLY BASIS, REFUSE TO
8 PERMIT A MEMBER TO TERMINATE MEMBERSHIP WITHOUT FINANCIAL PENALTY ON
9 NO MORE THAN 30 CALENDAR DAYS' WRITTEN NOTICE; OR

10 (7) (I) CONTINUE ELECTRONIC FUND TRANSFER AS A METHOD OF
11 PAYMENT MORE THAN 30 CALENDAR DAYS AFTER THE PLAN MEMBER HAS
12 REQUESTED TERMINATION OF ELECTRONIC FUND TRANSFER IN WRITING; OR

13 (II) REQUIRE THE MEMBER TO NOTIFY MORE THAN ONE ENTITY
14 THAT IS EITHER THE DISCOUNT MEDICAL PLAN ORGANIZATION OR THE DISCOUNT
15 DRUG PLAN ORGANIZATION OR AN ENTITY IDENTIFIED BY THE DISCOUNT MEDICAL
16 PLAN ORGANIZATION OR THE DISCOUNT PERSONS DRUG PLAN ORGANIZATION THAT
17 ELECTRONIC FUND TRANSFER SHOULD BE TERMINATED.

18 14-607.

19 (A) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING PRINTED IN
20 12 POINT TYPE TO ANY PROSPECTIVE MEMBER OF A DISCOUNT MEDICAL PLAN
21 ORGANIZATION AND SHALL BE INCLUDED IN ANY MARKETING MATERIALS OR
22 BROCHURES RELATING TO A DISCOUNT MEDICAL PLAN:

23 (1) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN IS NOT
24 INSURANCE;

25 (2) A STATEMENT THAT MEMBERSHIP IN THE DISCOUNT MEDICAL PLAN
26 ENTITLES MEMBERS TO DISCOUNTS FOR CERTAIN MEDICAL SERVICES OFFERED BY
27 PROVIDERS WHO HAVE AGREED TO PARTICIPATE IN THE DISCOUNT MEDICAL PLAN;

28 (3) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN ORGANIZATION
29 ITSELF DOES NOT PAY PROVIDERS OF MEDICAL SERVICES FOR SERVICES PROVIDED
30 TO PLAN MEMBERS;

31 (4) A STATEMENT THAT THE PLAN MEMBER IS REQUIRED TO PAY FOR
32 ANY MEDICAL SERVICE PROVIDED, BUT IS ENTITLED TO RECEIVE A DISCOUNT ON
33 CERTAIN IDENTIFIED MEDICAL SERVICES FROM THOSE PROVIDERS WHO HAVE
34 CONTRACTED WITH THE DISCOUNT MEDICAL PLAN ORGANIZATION;

35 (5) A DESCRIPTION OF THE MEDICAL SERVICES SUBJECT TO DISCOUNT,
36 A DESCRIPTION OF THE DISCOUNTS THAT THE PLAN MEMBER IS ENTITLED TO
37 RECEIVE, AND THE MECHANISM BY WHICH A CURRENT OR PROSPECTIVE PLAN
38 MEMBER CAN OBTAIN THE NAMES OF THE PROVIDERS WHO HAVE CONTRACTED

1 WITH THE DISCOUNT MEDICAL PLAN ORGANIZATION TO OFFER DISCOUNTS TO PLAN
2 MEMBERS;

3 (6) THE NAME, LOCATION, AND CONTACT INFORMATION, INCLUDING A
4 TELEPHONE NUMBER, FOR THE DISCOUNT MEDICAL PLAN ORGANIZATION;

5 (7) ALL FEES, DUES, CHARGES, OR OTHER FINANCIAL CONSIDERATION
6 TO BE PAID BY OR ON BEHALF OF THE PLAN MEMBER WITH RESPECT TO THE
7 MEMBER'S PARTICIPATION IN THE DISCOUNT MEDICAL PLAN, INCLUDING ALL FEES
8 OR CHARGES RELATING TO THE PROCESSING OF DISCOUNTS OR BILLING; AND

9 (8) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN DOES NOT AND
10 MAY NOT BY LAW OFFER A DISCOUNT ON HOSPITAL SERVICES IN MARYLAND.

11 (B) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING PRINTED IN
12 12 POINT TYPE TO ANY PROSPECTIVE MEMBER OF A DISCOUNT DRUG PLAN
13 ORGANIZATION AND SHALL BE INCLUDED IN ANY MARKETING MATERIALS OR
14 BROCHURES RELATING TO A DISCOUNT DRUG PLAN:

15 (1) A STATEMENT THAT THE DISCOUNT DRUG PLAN IS NOT:

16 (I) INSURANCE; OR

17 (II) A MEDICARE PRESCRIPTION DRUG PLAN;

18 (2) A STATEMENT THAT MEMBERSHIP IN THE DISCOUNT DRUG PLAN
19 ENTITLES MEMBERS TO DISCOUNTS FOR CERTAIN PHARMACEUTICAL SUPPLIES,
20 PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES OFFERED BY
21 PROVIDERS WHO HAVE AGREED TO PARTICIPATE IN THE DISCOUNT DRUG PLAN;

22 (3) A STATEMENT THAT THE DISCOUNT DRUG PLAN ORGANIZATION
23 ITSELF DOES NOT PAY PROVIDERS OF PHARMACEUTICAL SUPPLIES, PRESCRIPTION
24 DRUGS, AND MEDICAL EQUIPMENT AND SUPPLIES PROVIDED TO PLAN MEMBERS;

25 (4) A STATEMENT THAT THE DISCOUNT DRUG PLAN MEMBER IS
26 REQUIRED TO PAY FOR ALL PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS,
27 AND MEDICAL EQUIPMENT AND SUPPLIES PROVIDED, BUT IS ENTITLED TO RECEIVE
28 A DISCOUNT ON CERTAIN IDENTIFIED PHARMACEUTICAL SUPPLIES, PRESCRIPTION
29 DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES FROM THOSE PROVIDERS WHO
30 HAVE CONTRACTED WITH THE DISCOUNT DRUG PLAN ORGANIZATION;

31 (5) A DESCRIPTION OF THE DISCOUNTS THAT THE DISCOUNT DRUG
32 PLAN MEMBER IS ENTITLED TO RECEIVE AND THE MECHANISM BY WHICH A
33 CURRENT OR PROSPECTIVE PLAN MEMBER CAN OBTAIN:

34 (I) UNLESS THE DISCOUNT DRUG PLAN OFFERS AN OPEN
35 FORMULARY, A LISTING OF THE ITEMS, INCLUDING PRESCRIPTION DRUGS, SUBJECT
36 TO DISCOUNT; AND

1 (II) THE NAMES OF THE PROVIDERS WHO HAVE CONTRACTED TO
2 OFFER DISCOUNTS TO PLAN MEMBERS;

3 (6) THE NAME, LOCATION, AND CONTACT INFORMATION, INCLUDING A
4 TELEPHONE NUMBER, FOR THE DISCOUNT DRUG PLAN ORGANIZATION; AND

5 (7) ALL FEES, DUES, CHARGES, OR OTHER FINANCIAL CONSIDERATION
6 TO BE PAID BY OR ON BEHALF OF THE PLAN MEMBER WITH RESPECT TO THE
7 MEMBER'S PARTICIPATION IN THE DISCOUNT DRUG PLAN, INCLUDING ALL FEES OR
8 CHARGES RELATING TO THE PROCESSING OF DISCOUNTS OR BILLING.

9 (C) IF A DISCOUNT MEDICAL PLAN OR A DISCOUNT DRUG PLAN IS SOLD,
10 MARKETED, OR SOLICITED BY TELEPHONE, THE DISCLOSURES REQUIRED BY
11 SUBSECTIONS (A) AND (B) OF THIS SECTION SHALL BE:

12 (1) MADE ORALLY; AND

13 (2) INCLUDED WITH THE MEMBERSHIP CARD WHEN MAILED TO THE
14 PROSPECTIVE PLAN MEMBER.

15 (D) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING IN 12 POINT
16 TYPE IN ANY ADVERTISEMENT RELATING TO A DISCOUNT MEDICAL PLAN:

17 (1) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN IS NOT
18 INSURANCE;

19 (2) A STATEMENT THAT MEMBERSHIP IN THE DISCOUNT MEDICAL PLAN
20 ENTITLES MEMBERS TO DISCOUNTS FOR CERTAIN MEDICAL SERVICES OFFERED BY
21 PROVIDERS WHO HAVE AGREED TO PARTICIPATE IN THE DISCOUNT MEDICAL PLAN;

22 (3) A STATEMENT THAT THE PLAN MEMBER, AND NOT THE DISCOUNT
23 MEDICAL PLAN ORGANIZATION, IS REQUIRED TO PAY FOR ALL MEDICAL SERVICES
24 PROVIDED;

25 (4) THE NAME, LOCATION, AND CONTACT INFORMATION, INCLUDING A
26 TELEPHONE NUMBER, FOR THE DISCOUNT MEDICAL PLAN ORGANIZATION;

27 (5) A STATEMENT OF THE MECHANISM BY WHICH A PROSPECTIVE PLAN
28 MEMBER MAY OBTAIN THE NAMES OF THE PROVIDERS WHO HAVE CONTRACTED TO
29 OFFER DISCOUNTS TO PLAN MEMBERS; AND

30 (6) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN DOES NOT AND
31 MAY NOT BY LAW OFFER A DISCOUNT ON HOSPITAL SERVICES IN MARYLAND.

32 (E) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING IN 12 POINT
33 TYPE IN ANY ADVERTISEMENT RELATING TO A DISCOUNT DRUG PLAN:

34 (1) A STATEMENT THAT THE DISCOUNT DRUG PLAN IS NOT:

35 (I) INSURANCE; OR

1 (II) A MEDICARE PRESCRIPTION DRUG PLAN;

2 (2) A STATEMENT THAT MEMBERSHIP IN THE DISCOUNT DRUG PLAN
3 ENTITLES MEMBERS TO DISCOUNTS FOR CERTAIN PHARMACEUTICAL SUPPLIES,
4 PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES OFFERED BY
5 PROVIDERS WHO HAVE AGREED TO PARTICIPATE IN THE DISCOUNT DRUG PLAN;

6 (3) A STATEMENT THAT THE PLAN MEMBER, AND NOT THE DISCOUNT
7 DRUG PLAN ORGANIZATION, IS REQUIRED TO PAY FOR ALL PHARMACEUTICAL
8 SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES
9 PROVIDED;

10 (4) THE NAME, LOCATION, AND CONTACT INFORMATION, INCLUDING A
11 TELEPHONE NUMBER, FOR THE DISCOUNT DRUG PLAN ORGANIZATION; AND

12 (5) A STATEMENT OF THE MECHANISM BY WHICH A PROSPECTIVE PLAN
13 MEMBER MAY OBTAIN THE NAMES OF THE PROVIDERS WHO HAVE CONTRACTED TO
14 OFFER DISCOUNTS TO PLAN MEMBERS.

15 14-608.

16 (A) (1) IF A PLAN MEMBER CANCELS MEMBERSHIP IN A DISCOUNT MEDICAL
17 PLAN OR A DISCOUNT DRUG PLAN WITHIN THE FIRST 30 CALENDAR DAYS AFTER THE
18 EFFECTIVE DATE OF ENROLLMENT, THE PLAN MEMBER SHALL RECEIVE A
19 REIMBURSEMENT OF ALL FEES, DUES, CHARGES, OR OTHER FINANCIAL
20 CONSIDERATION, EXCEPT A NOMINAL FEE ASSOCIATED WITH ENROLLMENT COSTS
21 THAT WERE PART OF THE COST OF THE CARD, ON RETURN OF THE DISCOUNT
22 MEDICAL PLAN CARD TO THE DISCOUNT MEDICAL PLAN ORGANIZATION OR RETURN
23 OF THE DISCOUNT DRUG PLAN CARD TO THE DISCOUNT DRUG PLAN ORGANIZATION.

24 (2) THE COMMISSIONER SHALL ADOPT REGULATIONS THAT ESTABLISH
25 STANDARDS FOR DETERMINING THE NOMINAL FEE ASSOCIATED WITH ENROLLMENT
26 COSTS THAT MAY BE RETAINED BY A DISCOUNT MEDICAL PLAN ORGANIZATION OR A
27 DISCOUNT DRUG PLAN ORGANIZATION UNDER THIS SUBSECTION.

28 (3) ANY REGULATION ADOPTED UNDER THIS SUBSECTION SHALL
29 INCLUDE A CAP ON THE NOMINAL FEE THAT MAY BE RETAINED.

30 (B) IF A DISCOUNT MEDICAL PLAN ORGANIZATION OR A DISCOUNT DRUG
31 PLAN ORGANIZATION CANCELS A MEMBERSHIP FOR ANY REASON OTHER THAN
32 NONPAYMENT BY THE PLAN MEMBER, THE DISCOUNT MEDICAL PLAN
33 ORGANIZATION OR DISCOUNT DRUG PLAN ORGANIZATION SHALL MAKE A PRO RATA
34 REIMBURSEMENT OF ALL FEES, DUES, CHARGES, OR OTHER FINANCIAL
35 CONSIDERATION TO THE PLAN MEMBER WITHIN 30 CALENDAR DAYS AFTER THE
36 DATE OF CANCELLATION.

37 14-609.

38 (A) EACH DISCOUNT MEDICAL PLAN ORGANIZATION AND EACH DISCOUNT
39 DRUG ORGANIZATION SHALL PROVIDE TO A PLAN MEMBER OR TO A PLAN MEMBER

1 FOR THE MEMBER'S FAMILY A DISCOUNT CARD THAT INCLUDES, AT A MINIMUM, THE
2 FOLLOWING DATA ELEMENTS:

3 (1) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN OR DISCOUNT
4 DRUG PLAN IS NOT INSURANCE OR A MEDICARE PRESCRIPTION DRUG PLAN;

5 (2) (I) THE NAME OR IDENTIFYING TRADEMARK OF THE DISCOUNT
6 MEDICAL PLAN ORGANIZATION OR THE DISCOUNT DRUG PLAN ORGANIZATION; OR

7 (II) THE NAME OR IDENTIFYING TRADEMARK OF THE PROVIDER
8 NETWORKS THAT PARTICIPATE WITH THE DISCOUNT MEDICAL PLAN OR DISCOUNT
9 DRUG PLAN; AND

10 (3) THE TELEPHONE NUMBER THAT THE PLAN MEMBER MAY CALL FOR
11 ASSISTANCE.

12 (B) (1) IF A CHANGE OCCURS IN THE DATA ELEMENT REQUIRED UNDER
13 SUBSECTION (A)(3) OF THIS SECTION, A DISCOUNT MEDICAL PLAN ORGANIZATION OR
14 A DISCOUNT DRUG PLAN ORGANIZATION SHALL REISSUE A DISCOUNT CARD.

15 (2) A DISCOUNT MEDICAL PLAN ORGANIZATION OR A DISCOUNT DRUG
16 PLAN ORGANIZATION SHALL NOTIFY A PLAN MEMBER WHEN THERE IS A MATERIAL
17 CHANGE IN PLAN BENEFITS OR IN THE DATA ELEMENTS REQUIRED UNDER
18 SUBSECTION (A)(1), (2), OR (3) OF THIS SECTION.

19 14-610.

20 (A) WHENEVER THE COMMISSIONER CONSIDERS IT ADVISABLE, THE
21 COMMISSIONER MAY EXAMINE THE AFFAIRS, TRANSACTIONS, ACCOUNTS, RECORDS,
22 AND ASSETS OF A DISCOUNT MEDICAL PLAN ORGANIZATION OR DISCOUNT DRUG
23 PLAN ORGANIZATION.

24 (B) THE EXAMINATION SHALL BE CONDUCTED IN ACCORDANCE WITH § 2-207
25 OF THIS ARTICLE.

26 (C) THE EXPENSE OF THE EXAMINATION SHALL BE PAID IN ACCORDANCE
27 WITH § 2-208 OF THIS ARTICLE.

28 (D) THE REPORTS OF THE EXAMINATION AND INVESTIGATION SHALL BE
29 ISSUED IN ACCORDANCE WITH § 2-209 OF THIS ARTICLE.

30 14-611.

31 (A) TO ENFORCE THIS SUBTITLE AND ANY REGULATION ADOPTED UNDER IT,
32 THE COMMISSIONER MAY ISSUE AN ORDER:

33 (1) THAT REQUIRES THE VIOLATOR TO CEASE AND DESIST FROM THE
34 IDENTIFIED VIOLATION AND FURTHER SIMILAR VIOLATIONS;

35 (2) THAT REQUIRES THE VIOLATOR TO TAKE SPECIFIC AFFIRMATIVE
36 ACTION TO CORRECT THE VIOLATION;

1 (3) THAT REQUIRES THE VIOLATOR TO MAKE RESTITUTION OF MONEY,
2 PROPERTY, OR OTHER ASSETS TO A PERSON WHO HAS SUFFERED FINANCIAL INJURY
3 BECAUSE OF THE VIOLATION; OR

4 (4) THAT REQUIRES A DISCOUNT MEDICAL PLAN ORGANIZATION OR A
5 DISCOUNT DRUG PLAN ORGANIZATION TO MAKE RESTITUTION OF MONEY,
6 PROPERTY, OR OTHER ASSETS TO A PERSON WHO HAS SUFFERED FINANCIAL INJURY
7 BECAUSE OF A VIOLATION BY ANY PERSON AUTHORIZED TO SELL, MARKET, SOLICIT,
8 OR ADMINISTER A DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN
9 ESTABLISHED BY THE DISCOUNT MEDICAL PLAN ORGANIZATION OR DISCOUNT
10 DRUG PLAN ORGANIZATION WHILE THE PERSON IS ACTING WITH THE ACTUAL OR
11 APPARENT AUTHORITY OF THE DISCOUNT MEDICAL PLAN ORGANIZATION OR
12 DISCOUNT DRUG PLAN ORGANIZATION.

13 (B) (1) AN ORDER OF THE COMMISSIONER ISSUED UNDER THIS SECTION
14 MAY BE SERVED ON A VIOLATOR WHO IS REGISTERED UNDER THIS SUBTITLE IN THE
15 MANNER PROVIDED IN TITLE 2 OF THIS ARTICLE.

16 (2) AN ORDER OF THE COMMISSIONER ISSUED UNDER THIS SECTION
17 MAY BE SERVED ON A VIOLATOR WHO IS NOT REGISTERED UNDER THIS SUBTITLE IN
18 THE MANNER PROVIDED FOR SERVICE ON AN UNAUTHORIZED INSURER THAT DOES
19 AN ACT OF INSURANCE BUSINESS IN TITLE 4 OF THIS ARTICLE.

20 (3) A REQUEST FOR A HEARING ON ANY ORDER ISSUED UNDER THIS
21 SUBSECTION DOES NOT STAY THAT PORTION OF THE ORDER THAT REQUIRES THE
22 VIOLATOR TO CEASE AND DESIST FROM CONDUCT IDENTIFIED IN THE ORDER.

23 (4) THE COMMISSIONER MAY FILE A PETITION IN THE CIRCUIT COURT
24 OF ANY COUNTY TO ENFORCE AN ORDER ISSUED UNDER THIS SECTION, WHETHER
25 OR NOT A HEARING HAS BEEN REQUESTED OR, IF REQUESTED, WHETHER OR NOT A
26 HEARING HAS BEEN HELD.

27 (5) IN AN ACTION BROUGHT BY THE COMMISSIONER UNDER THIS
28 SECTION, THE COMMISSIONER MAY RECOVER FOR THE USE OF THE STATE
29 REASONABLE ATTORNEY'S FEES AND THE COSTS OF THE ACTION.

30 (C) (1) IN ADDITION TO ANY OTHER ENFORCEMENT ACTION TAKEN BY THE
31 COMMISSIONER UNDER THIS SECTION, THE COMMISSIONER MAY IMPOSE A CIVIL
32 PENALTY OF NOT MORE THAN \$10,000 FOR EACH VIOLATION OF THIS SUBTITLE.

33 (2) NOTWITHSTANDING PARAGRAPH (1) OF THIS SUBSECTION, THE
34 COMMISSIONER MAY IMPOSE A CIVIL PENALTY OF NOT MORE THAN \$1,000 PER DAY
35 FOR EACH DAY THAT A PERSON IS IN VIOLATION OF § 14-603 OF THIS SUBTITLE.

36 (D) THIS SECTION DOES NOT LIMIT ANY REGULATORY POWER OF THE
37 COMMISSIONER UNDER THIS ARTICLE.

1 14-612.

2 THE COMMISSIONER SHALL ADOPT REGULATIONS TO CARRY OUT THE
3 PROVISIONS OF THIS SUBTITLE.

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