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

Introduced and read first time: January 25, 2006

Rules suspended

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 25, 2006

CHAPTER _____

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 certain reimbursement if membership in a
17 discount medical plan or discount drug plan is canceled under certain
18 circumstances; requiring that certain information appear on certain discount
19 cards; requiring a certain statement to be included on or attached to certain
20 discount cards; authorizing the examination of discount medical plan
21 organizations and discount drug plan organizations under certain
22 circumstances; authorizing the Commissioner to take certain actions to enforce
23 certain provisions of law; providing for certain penalties; providing for the
24 payment of the examinations; requiring an insurer, nonprofit health service
25 plan, health maintenance organization, or dental plan organization to meet
26 certain requirements; requiring the Commissioner to adopt certain regulations;

1 requiring the Commissioner to review the continued need for a certain
 2 requirement and report on the findings of the review to certain committees of
 3 the General Assembly on or before a certain date; defining certain terms;
 4 providing for the application of this Act; and generally relating to discount
 5 medical plan organizations and discount drug plan organizations.

6 BY adding to
 7 Article - Health - General
 8 Section ~~19-706(hhh)~~ 19-706(ggg)
 9 Annotated Code of Maryland
 10 (2005 Replacement Volume and 2005 Supplement)

11 BY repealing and reenacting, with amendments,
 12 Article - Insurance
 13 Section 2-208
 14 Annotated Code of Maryland
 15 (2003 Replacement Volume and 2005 Supplement)

16 BY adding to
 17 Article - Insurance
 18 Section 14-601 through 14-612, inclusive, to be under the new subtitle "Subtitle
 19 6. Discount Medical Plan Organizations and Discount Drug Plan
 20 Organizations"
 21 Annotated Code of Maryland
 22 (2002 Replacement Volume and 2005 Supplement)

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

25 **Article - Health - General**

26 19-706.

27 ~~(HHH)~~ (GGG) THE PROVISIONS OF TITLE 14, SUBTITLE 6 OF THE INSURANCE
 28 ARTICLE APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.

29 **Article - Insurance**

30 2-208.

31 The expense incurred in an examination made under § 2-205 of this subtitle, §
 32 2-206 of this subtitle for surplus lines brokers and insurance holding corporations, §
 33 23-207 of this article for premium finance companies, § 15-10B-19 of this article for
 34 private review agents, [or] § 15-10B-20 of this article, OR § 14-610 OF THIS ARTICLE
 35 FOR DISCOUNT MEDICAL PLAN ORGANIZATIONS AND DISCOUNT DRUG PLAN
 36 ORGANIZATIONS shall be paid by the person examined in the following manner:

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

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

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

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

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

12 SUBTITLE 6. DISCOUNT MEDICAL PLAN ORGANIZATIONS AND DISCOUNT DRUG
13 PLAN ORGANIZATIONS.

14 14-601.

15 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
16 INDICATED.

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

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

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

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

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

35 (1) ~~ESTABLISHES A DISCOUNT DRUG PLAN; AND~~

1 ~~(2)~~ CONTRACTS DIRECTLY OR INDIRECTLY WITH PROVIDERS OR
2 PROVIDER NETWORKS TO PROVIDE PHARMACEUTICAL SUPPLIES, PRESCRIPTION
3 DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES AT A DISCOUNT TO PLAN MEMBERS;
4 AND

5 (2) DETERMINES THE CHARGE TO PLAN MEMBERS.

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

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

12 (1) ~~ESTABLISHES A DISCOUNT MEDICAL PLAN; AND~~

13 ~~(2)~~ CONTRACTS DIRECTLY OR INDIRECTLY WITH PROVIDERS OR
14 PROVIDER NETWORKS TO PROVIDE MEDICAL SERVICES AT A DISCOUNT TO PLAN
15 MEMBERS; AND

16 (2) DETERMINES THE CHARGE TO PLAN MEMBERS.

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

19 (G) "MEDICAL SERVICES" MEANS ANY CARE, SERVICE, OR TREATMENT OF
20 ILLNESS OR DYSFUNCTION OF, OR INJURY TO, THE HUMAN BODY, INCLUDING
21 PHYSICIAN CARE, OUTPATIENT SERVICES, AMBULANCE SERVICES, DENTAL CARE
22 SERVICES, VISION CARE SERVICES, MENTAL HEALTH SERVICES, SUBSTANCE ABUSE
23 SERVICES, CHIROPRACTIC SERVICES, PODIATRIC CARE SERVICES, AND LABORATORY
24 SERVICES.

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

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

31 (J) "PROVIDER" MEANS:

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

35 (2) ANY PERSON OR INSTITUTION WHICH IS CONTRACTED, DIRECTLY OR
36 INDIRECTLY, WITH A DISCOUNT DRUG PLAN ORGANIZATION TO PROVIDE

1 PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND
2 SUPPLIES TO PLAN MEMBERS.

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

5 14-602.

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

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

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

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

16 (3) (I) MAINTAIN ON FILE QUARTERLY WITH THE COMMISSIONER A
17 CURRENT LIST OF THE PERSONS AUTHORIZED TO SELL, MARKET, OR SOLICIT IN THE
18 STATE A DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN ESTABLISHED BY THE
19 INSURER, NONPROFIT HEALTH SERVICE PLAN, HEALTH MAINTENANCE
20 ORGANIZATION, OR DENTAL PLAN ORGANIZATION; AND

21 (II) PROVIDE THE COMMISSIONER WITH AN ADDITIONAL LIST ON
22 REQUEST.

23 (C) AN INSURER, NONPROFIT HEALTH SERVICE PLAN, HEALTH
24 MAINTENANCE ORGANIZATION, OR DENTAL PLAN ORGANIZATION MAY FILE THE
25 LIST REQUIRED UNDER SUBSECTION (B)(3) OF THIS SECTION ELECTRONICALLY, IN A
26 FORMAT PRESCRIBED BY THE COMMISSIONER.

27 ~~(D)~~ (D) THIS SUBTITLE DOES NOT APPLY TO MEDICARE PRESCRIPTION
28 DRUG PLANS OR TO A STATE PRESCRIPTION DRUG PLAN.

29 14-603.

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

33 (2) A DISCOUNT MEDICAL PLAN MAY NOT BE SOLD, MARKETED, OR
34 SOLICITED IN THE STATE UNLESS THE DISCOUNT MEDICAL PLAN ORGANIZATION
35 THAT ESTABLISHED THE DISCOUNT MEDICAL PLAN IS REGISTERED WITH THE
36 COMMISSIONER.

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

4 (2) A DISCOUNT DRUG PLAN MAY NOT BE SOLD, MARKETED, OR
5 SOLICITED IN THE STATE UNLESS THE DISCOUNT DRUG PLAN ORGANIZATION THAT
6 ESTABLISHED THE DISCOUNT DRUG PLAN IS REGISTERED WITH THE
7 COMMISSIONER.

8 (C) AN APPLICANT FOR REGISTRATION SHALL:

9 (1) FILE WITH THE COMMISSIONER AN APPLICATION ON THE FORM
10 THAT THE COMMISSIONER REQUIRES; AND

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

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

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

18 14-604.

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

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

23 (1) OTHERWISE IS ENTITLED TO BE REGISTERED;

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

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

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

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

33 (E) (1) A REGISTRANT SHALL ~~MAINTAIN ON FILE~~ QUARTERLY WITH THE
34 COMMISSIONER A CURRENT LIST OF THE PERSONS AUTHORIZED TO SELL, MARKET,
35 OR SOLICIT IN THE STATE A DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN
36 ESTABLISHED BY THE REGISTRANT.

1 (2) A REGISTRANT SHALL PROVIDE THE COMMISSIONER AN
2 ADDITIONAL LIST ON REQUEST.

3 (3) A REGISTRANT MAY FILE THE LIST REQUIRED UNDER THIS
4 SUBSECTION ELECTRONICALLY, IN A FORMAT PRESCRIBED BY THE COMMISSIONER.

5 14-605.

6 (A) SUBJECT TO THE HEARING PROVISIONS OF TITLE 2 OF THIS ARTICLE, THE
7 COMMISSIONER MAY DENY A REGISTRATION TO AN APPLICANT OR REFUSE TO
8 RENEW, SUSPEND, OR REVOKE THE REGISTRATION OF A REGISTRANT IF THE
9 APPLICANT OR REGISTRANT, OR AN OFFICER, DIRECTOR, OR EMPLOYEE OF THE
10 APPLICANT OR REGISTRANT:

11 (1) MAKES A MATERIAL MISSTATEMENT OR MISREPRESENTATION IN AN
12 APPLICATION FOR REGISTRATION;

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

15 (3) HAS BEEN CONVICTED OF A FELONY OR OF A MISDEMEANOR
16 INVOLVING MORAL TURPITUDE;

17 (4) IN CONNECTION WITH THE ADMINISTRATION OF A DISCOUNT
18 MEDICAL PLAN OR DISCOUNT DRUG PLAN, COMMITS FRAUD OR ENGAGES IN
19 ILLEGAL OR DISHONEST ACTIVITIES;

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

22 (6) PROVIDES A FALSE, FALSELY DISPARAGING, OR MISLEADING ORAL
23 OR WRITTEN STATEMENT, VISUAL DESCRIPTION, OR OTHER REPRESENTATION OF
24 ANY KIND THAT HAS THE CAPACITY, TENDENCY, OR EFFECT OF DECEIVING OR
25 MISLEADING CONSUMERS;

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

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

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

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

1 14-606.

2 (A) A DISCOUNT MEDICAL PLAN ORGANIZATION AND A DISCOUNT DRUG PLAN
3 ORGANIZATION MAY NOT:

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

6 (I) IN THE NAME OF AN INSURER, NONPROFIT HEALTH SERVICE
7 PLAN, ~~OR~~ HEALTH MAINTENANCE ORGANIZATION, OR DENTAL PLAN ORGANIZATION
8 WHOSE CORPORATE NAME INCLUDES THE WORD "INSURANCE";

9 (II) WHEN COMPARING THE DISCOUNT MEDICAL PLAN OR
10 DISCOUNT DRUG PLAN TO INSURANCE OR OTHERWISE DISTINGUISHING THE
11 DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN FROM INSURANCE; OR

12 (III) AS OTHERWISE PROVIDED IN THIS SUBTITLE.

13 (2) USE IN THEIR ADVERTISEMENTS, MARKETING MATERIAL,
14 BROCHURES, AND DISCOUNT CARDS THE TERMS "HEALTH PLAN", "COVERAGE",
15 "COPAY", "COPAYMENTS", "PREEXISTING CONDITIONS", "GUARANTEED ISSUE",
16 "PREMIUM", "PPO", "PREFERRED PROVIDER ORGANIZATION", OR OTHER TERMS, IN A
17 CONTEXT THAT COULD REASONABLY MISLEAD A PERSON INTO BELIEVING THE
18 DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN WAS HEALTH INSURANCE;

19 (3) HAVE RESTRICTIONS ON ACCESS TO DISCOUNT MEDICAL PLAN OR
20 DISCOUNT DRUG PLAN PROVIDERS, INCLUDING WAITING PERIODS AND
21 NOTIFICATION PERIODS;

22 (4) PAY PROVIDERS ANY FEES FOR MEDICAL SERVICES,
23 PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND
24 SUPPLIES, EXCEPT THAT A DISCOUNT MEDICAL PLAN ORGANIZATION OR A
25 DISCOUNT DRUG PLAN ORGANIZATION THAT ALSO HAS AN ACTIVE REGISTRATION
26 UNDER TITLE 8, SUBTITLE 3 OF THIS ARTICLE MAY CONTINUE TO PAY FEES TO
27 PROVIDERS IN ITS CAPACITY AS A THIRD PARTY ADMINISTRATOR;

28 (5) REFUSE TO MODIFY ~~A PLAN MEMBER'S~~ THE METHOD OF PAYMENT
29 FOR MEMBERSHIP IN A DISCOUNT MEDICAL PLAN OR A DISCOUNT DRUG PLAN UPON
30 ON REQUEST, UNLESS A SPECIFIC METHOD OF PAYMENT IS REQUIRED AS A TERM OF
31 THE DISCOUNT MEDICAL PLAN OR THE DISCOUNT DRUG PLAN AND WAS AGREED TO
32 IN WRITING IN ADVANCE BY THE MEMBER;

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

36 (7) (I) CONTINUE ELECTRONIC FUND TRANSFER AS A METHOD OF
37 PAYMENT MORE THAN 30 CALENDAR DAYS AFTER ~~THE PLAN MEMBER HAS~~
38 REQUESTED A WRITTEN REQUEST FOR TERMINATION OF ELECTRONIC FUND
39 TRANSFER IN WRITING HAS BEEN MADE; OR

1 (II) REQUIRE THE MEMBER TO NOTIFY MORE THAN ONE ENTITY
2 THAT IS EITHER THE DISCOUNT MEDICAL PLAN ORGANIZATION OR THE DISCOUNT
3 DRUG PLAN ORGANIZATION OR AN ENTITY IDENTIFIED BY THE DISCOUNT MEDICAL
4 PLAN ORGANIZATION OR THE DISCOUNT ~~PERSONS~~ DRUG PLAN ORGANIZATION THAT
5 ELECTRONIC FUND TRANSFER SHOULD BE TERMINATED.

6 14-607.

7 (A) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING PRINTED IN
8 12 POINT TYPE TO ANY PROSPECTIVE MEMBER OF A DISCOUNT MEDICAL PLAN
9 ORGANIZATION AND SHALL BE INCLUDED IN ANY MARKETING MATERIALS OR
10 BROCHURES RELATING TO A DISCOUNT MEDICAL PLAN:

11 (1) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN IS NOT
12 INSURANCE;

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

16 (3) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN ORGANIZATION
17 ITSELF DOES NOT PAY PROVIDERS OF MEDICAL SERVICES FOR SERVICES PROVIDED
18 TO PLAN MEMBERS;

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

23 (5) A DESCRIPTION OF THE MEDICAL SERVICES SUBJECT TO DISCOUNT,
24 A DESCRIPTION OF THE DISCOUNTS THAT THE PLAN MEMBER IS ENTITLED TO
25 RECEIVE, AND THE MECHANISM BY WHICH A CURRENT OR PROSPECTIVE PLAN
26 MEMBER CAN OBTAIN THE NAMES OF THE PROVIDERS WHO HAVE CONTRACTED
27 WITH THE DISCOUNT MEDICAL PLAN ORGANIZATION TO OFFER DISCOUNTS TO PLAN
28 MEMBERS;

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

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

35 (8) (I) IF A DISCOUNT MEDICAL PLAN OFFERS HOSPITAL SERVICES IN
36 OTHER STATES, A STATEMENT THAT THE DISCOUNT MEDICAL PLAN DOES NOT AND
37 MAY NOT BY LAW OFFER A DISCOUNT ON HOSPITAL SERVICES IN MARYLAND; OR

1 (II) IF A DISCOUNT MEDICAL PLAN DOES NOT OFFER HOSPITAL
2 SERVICES IN OTHER STATES, A STATEMENT THAT THE DISCOUNT MEDICAL PLAN
3 DOES NOT OFFER A DISCOUNT ON HOSPITAL SERVICES.

4 (B) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING PRINTED IN
5 12 POINT TYPE TO ANY PROSPECTIVE MEMBER OF A DISCOUNT DRUG PLAN
6 ORGANIZATION AND SHALL BE INCLUDED IN ANY MARKETING MATERIALS OR
7 BROCHURES RELATING TO A DISCOUNT DRUG PLAN:

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

9 (I) INSURANCE; OR

10 (II) A MEDICARE PRESCRIPTION DRUG PLAN;

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

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

18 (4) A STATEMENT THAT THE DISCOUNT DRUG PLAN MEMBER IS
19 REQUIRED TO PAY FOR ALL PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS,
20 AND MEDICAL EQUIPMENT AND SUPPLIES PROVIDED, BUT IS ENTITLED TO RECEIVE
21 A DISCOUNT ON CERTAIN IDENTIFIED PHARMACEUTICAL SUPPLIES, PRESCRIPTION
22 DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES FROM THOSE PROVIDERS WHO
23 HAVE CONTRACTED WITH THE DISCOUNT DRUG PLAN ORGANIZATION;

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

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

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

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

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

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

4 (1) MADE ORALLY; AND

5 (2) INCLUDED WITH THE MEMBERSHIP CARD WHEN MAILED TO THE
6 PROSPECTIVE PLAN MEMBER.

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

9 (1) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN IS NOT
10 INSURANCE;

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

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

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

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

22 (6) (I) IF A DISCOUNT MEDICAL PLAN OFFERS HOSPITAL SERVICES IN
23 OTHER STATES, A STATEMENT THAT THE DISCOUNT MEDICAL PLAN DOES NOT AND
24 MAY NOT BY LAW OFFER A DISCOUNT ON HOSPITAL SERVICES IN MARYLAND; OR

25 (II) IF A DISCOUNT MEDICAL PLAN DOES NOT OFFER HOSPITAL
26 SERVICES IN OTHER STATES, A STATEMENT THAT THE DISCOUNT MEDICAL PLAN
27 DOES NOT OFFER A DISCOUNT ON HOSPITAL SERVICES.

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

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

31 (I) INSURANCE; OR

32 (II) A MEDICARE PRESCRIPTION DRUG PLAN;

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

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

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

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

10 14-608.

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

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

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

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

34 14-609.

35 (A) EACH DISCOUNT MEDICAL PLAN ORGANIZATION AND EACH DISCOUNT
36 DRUG ORGANIZATION SHALL PROVIDE TO A PLAN MEMBER OR TO A PLAN MEMBER
37 FOR THE MEMBER'S FAMILY A DISCOUNT CARD THAT INCLUDES, AT A MINIMUM, THE
38 FOLLOWING DATA ELEMENTS:

39 (1) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN OR DISCOUNT
40 DRUG PLAN IS NOT INSURANCE ~~OR A MEDICARE PRESCRIPTION DRUG PLAN~~;

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

3 (II) THE NAME OR IDENTIFYING TRADEMARK OF THE PROVIDER
4 NETWORKS THAT PARTICIPATE WITH THE DISCOUNT MEDICAL PLAN OR DISCOUNT
5 DRUG PLAN; AND

6 (3) THE TELEPHONE NUMBER THAT THE PLAN MEMBER MAY CALL FOR
7 ASSISTANCE.

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

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

15 (C) EACH DISCOUNT CARD PROVIDED UNDER SUBSECTION (A) OF THIS
16 SECTION SHALL:

17 (1) INCLUDE A STATEMENT THAT THE DISCOUNT MEDICAL PLAN OR
18 DISCOUNT DRUG PLAN IS NOT A MEDICARE PRESCRIPTION DRUG PLAN; OR

19 (2) BE ATTACHED TO MATERIALS THAT INCLUDE A STATEMENT THAT
20 THE DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN IS NOT A MEDICARE
21 PRESCRIPTION DRUG PLAN.

22 14-610.

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

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

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

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

33 14-611.

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

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

3 (2) THAT REQUIRES THE VIOLATOR TO TAKE SPECIFIC AFFIRMATIVE
4 ACTION TO CORRECT THE VIOLATION;

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

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

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

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

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

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

31 (5) IF THE COMMISSIONER PREVAILS IN AN ACTION BROUGHT BY THE
32 COMMISSIONER UNDER THIS SECTION, THE COMMISSIONER MAY RECOVER FOR THE
33 USE OF THE STATE REASONABLE ATTORNEY'S FEES AND THE COSTS OF THE ACTION.

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

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

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

3 14-612.

4 THE COMMISSIONER SHALL ADOPT REGULATIONS TO CARRY OUT THE
5 PROVISIONS OF THIS SUBTITLE.

6 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Insurance
7 Commissioner shall:

8 (1) review the need for a continued requirement that each discount card
9 for a discount medical plan or discount drug plan must include, or be attached to
10 materials that include, a statement that the discount medical plan or discount drug
11 plan is not a Medicare Prescription Drug Plan; and

12 (2) on or before December 31, 2007, report on the findings of the review,
13 in accordance with § 2-1246 of the State Government Article, to the House Health
14 and Government Operations Committee and the Senate Finance Committee.

15 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
16 effect October 1, 2006.