

HOUSE BILL 847

C3

(7lr2101)

ENROLLED BILL

— *Health and Government Operations / Finance* —

Introduced by **Delegate Bromwell**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Discount Medical Plan Organizations and Discount Drug Plan Organizations**
3 **- 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;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber / conference committee amendments.



1 requiring certain disclosures to be made by discount medical plan organizations
 2 and discount drug plan organizations; requiring certain reimbursement if
 3 membership in a discount medical plan or discount drug plan is canceled under
 4 certain circumstances; requiring the Commissioner, in consultation with the
 5 Office of the Attorney General, to adopt regulations that establish standards for
 6 determining a certain fee; requiring ~~that certain information appear on certain~~
 7 ~~discount cards~~ each discount medical plan organization and each discount drug
 8 plan organization to provide to a plan member a discount card that includes, at
 9 a minimum, certain data elements; requiring a discount medical plan
 10 organization or discount drug plan organization to reissue a discount card under
 11 certain circumstances; authorizing the examination of discount medical plan
 12 organizations and discount drug plan organizations under certain
 13 circumstances; authorizing the Commissioner to take certain actions to enforce
 14 certain provisions of law; providing for certain penalties; providing for the
 15 payment of the examinations; requiring an insurer, nonprofit health service
 16 plan, health maintenance organization, or dental plan organization to meet
 17 certain requirements; requiring the Commissioner to adopt certain regulations;
 18 defining certain terms; providing for the application of this Act; and generally
 19 relating to discount medical plan organizations and discount drug plan
 20 organizations.

21 BY adding to
 22 Article – Health – General
 23 Section 19–706(jjj)
 24 Annotated Code of Maryland
 25 (2005 Replacement Volume and 2006 Supplement)

26 BY repealing and reenacting, with amendments,
 27 Article – Insurance
 28 Section 2–208
 29 Annotated Code of Maryland
 30 (2003 Replacement Volume and 2006 Supplement)

31 BY adding to
 32 Article – Insurance
 33 Section 14–601 through 14–612 to be under the new subtitle “Subtitle 6.
 34 Discount Medical Plan Organizations and Discount Drug Plan
 35 Organizations”
 36 Annotated Code of Maryland
 37 (2006 Replacement Volume and 2006 Supplement)

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

1 **Article – Health – General**

2 19–706.

3 **(JJJ) THE PROVISIONS OF TITLE 14, SUBTITLE 6 OF THE INSURANCE**
4 **ARTICLE APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.**

5 **Article – Insurance**

6 2–208.

7 The expense incurred in an examination made under § 2–205 of this subtitle, §
8 2–206 of this subtitle for surplus lines brokers and insurance holding corporations, §
9 23–207 of this article for premium finance companies, § 15–10B–19 of this article for
10 private review agents, [or] § 15–10B–20 of this article, **OR § 14–610 OF THIS**
11 **ARTICLE FOR DISCOUNT MEDICAL PLAN ORGANIZATIONS AND DISCOUNT DRUG**
12 **PLAN ORGANIZATIONS** shall be paid by the person examined in the following
13 manner:

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

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

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

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

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

25 **SUBTITLE 6. DISCOUNT MEDICAL PLAN ORGANIZATIONS AND DISCOUNT**
26 **DRUG PLAN ORGANIZATIONS.**

27 **14–601.**

1 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
2 INDICATED.

3 (B) (1) “DISCOUNT DRUG PLAN” MEANS A BUSINESS ARRANGEMENT
4 OR CONTRACT IN WHICH A PERSON, IN EXCHANGE FOR FEES, DUES, CHARGES,
5 OR OTHER FINANCIAL CONSIDERATION PAID BY OR ON BEHALF OF A PLAN
6 MEMBER, PROVIDES THE RIGHT TO RECEIVE DISCOUNTS ON SPECIFIED
7 PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT
8 AND SUPPLIES FROM SPECIFIED PROVIDERS.

9 (2) “DISCOUNT DRUG PLAN” DOES NOT INCLUDE:

10 (I) A BUSINESS ARRANGEMENT OR CONTRACT IN WHICH
11 THE FEES, DUES, CHARGES, AND OTHER FINANCIAL CONSIDERATION PAID BY
12 OR ON BEHALF OF A PLAN MEMBER CONSIST ONLY OF:

13 ~~(H)~~ 1. A PAYMENT MADE DIRECTLY TO A PROVIDER AS A
14 DISPENSING OR TRANSACTIONAL FEE IN CONNECTION WITH THE PURCHASE OF
15 PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT
16 AND SUPPLIES THAT ARE SUBJECT TO A DISCOUNT; OR

17 ~~(H)~~ 2. AN ADMINISTRATIVE OR PROCESSING FEE PAID
18 BY ANYONE OTHER THAN A PLAN MEMBER TO A PROVIDER IN CONNECTION
19 WITH THAT PROVIDER’S PROVISION OF DISCOUNTS TO PLAN MEMBERS; OR

20 (II) A PATIENT ASSISTANCE PROGRAM THAT:

21 1. IS SPONSORED, OFFERED, OR PROVIDED FOR BY A
22 PHARMACEUTICAL MANUFACTURER; AND

23 2. IS NOT PROVIDED IN EXCHANGE FOR FEES, DUES,
24 CHARGES, OR OTHER FINANCIAL CONSIDERATION.

25 (C) “DISCOUNT DRUG PLAN ORGANIZATION” MEANS AN ENTITY THAT:

26 (1) CONTRACTS DIRECTLY OR INDIRECTLY WITH PROVIDERS OR
27 PROVIDER NETWORKS TO PROVIDE PHARMACEUTICAL SUPPLIES,
28 PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES AT A DISCOUNT
29 TO PLAN MEMBERS; AND

1 **(2) DETERMINES THE CHARGE TO PLAN MEMBERS.**

2 **(D) “DISCOUNT MEDICAL PLAN” MEANS A BUSINESS ARRANGEMENT OR**
3 **CONTRACT IN WHICH A PERSON, IN EXCHANGE FOR FEES, DUES, CHARGES, OR**
4 **OTHER FINANCIAL CONSIDERATION PAID BY OR ON BEHALF OF A PLAN**
5 **MEMBER, PROVIDES THE RIGHT TO RECEIVE DISCOUNTS ON SPECIFIED**
6 **MEDICAL SERVICES FROM SPECIFIED PROVIDERS.**

7 **(E) “DISCOUNT MEDICAL PLAN ORGANIZATION” MEANS AN ENTITY**
8 **THAT:**

9 **(1) CONTRACTS DIRECTLY OR INDIRECTLY WITH PROVIDERS OR**
10 **PROVIDER NETWORKS TO PROVIDE MEDICAL SERVICES AT A DISCOUNT TO PLAN**
11 **MEMBERS; AND**

12 **(2) DETERMINES THE CHARGE TO PLAN MEMBERS.**

13 **(F) “HOSPITAL SERVICES” HAS THE MEANING STATED IN § 19-201 OF**
14 **THE HEALTH – GENERAL ARTICLE.**

15 **(G) “MEDICAL SERVICES” MEANS ANY CARE, SERVICE, OR TREATMENT**
16 **OF ILLNESS OR DYSFUNCTION OF, OR INJURY TO, THE HUMAN BODY, INCLUDING**
17 **PHYSICIAN CARE, OUTPATIENT SERVICES, AMBULANCE SERVICES, DENTAL**
18 **CARE SERVICES, VISION CARE SERVICES, MENTAL HEALTH SERVICES,**
19 **SUBSTANCE ABUSE SERVICES, CHIROPRACTIC SERVICES, PODIATRIC CARE**
20 **SERVICES, AND LABORATORY SERVICES.**

21 **(H) “MEDICARE PRESCRIPTION DRUG PLAN” MEANS A PLAN THAT**
22 **PROVIDES A MEDICARE PART D PRESCRIPTION DRUG BENEFIT IN**
23 **ACCORDANCE WITH THE REQUIREMENTS OF THE FEDERAL MEDICARE**
24 **MODERNIZATION ACT.**

25 **(I) “PLAN MEMBER” MEANS ANY INDIVIDUAL WHO PAYS FEES, DUES,**
26 **CHARGES, OR OTHER FINANCIAL CONSIDERATION FOR THE RIGHT TO RECEIVE**
27 **THE BENEFITS OF A DISCOUNT MEDICAL PLAN OR A DISCOUNT DRUG PLAN.**

28 **(J) “PROVIDER” MEANS:**

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

4 (2) ANY PERSON OR INSTITUTION WHICH IS CONTRACTED,
5 DIRECTLY OR INDIRECTLY, WITH A DISCOUNT DRUG PLAN ORGANIZATION TO
6 PROVIDE PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL
7 EQUIPMENT AND SUPPLIES TO PLAN MEMBERS.

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

10 **14-602.**

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

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

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

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

22 (3) (I) FILE ANNUALLY WITH THE COMMISSIONER A CURRENT
23 LIST OF THE PERSONS, OTHER THAN LICENSED INSURANCE PRODUCERS, WHO
24 ARE AUTHORIZED TO SELL, MARKET, OR SOLICIT IN THE STATE A DISCOUNT
25 MEDICAL PLAN OR DISCOUNT DRUG PLAN ESTABLISHED BY THE INSURER,
26 NONPROFIT HEALTH SERVICE PLAN, HEALTH MAINTENANCE ORGANIZATION, OR
27 DENTAL PLAN ORGANIZATION; AND

28 (II) PROVIDE THE COMMISSIONER WITH AN ADDITIONAL
29 LIST ON REQUEST.

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

5 (D) THIS SUBTITLE DOES NOT APPLY TO MEDICARE PRESCRIPTION
6 DRUG PLANS OR TO A STATE PRESCRIPTION DRUG PLAN.

7 **14-603.**

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

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

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

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

24 (C) AN APPLICANT FOR REGISTRATION SHALL:

25 (1) FILE WITH THE COMMISSIONER AN APPLICATION ON THE
26 FORM THAT THE COMMISSIONER REQUIRES; AND

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

28 (D) AN ENTITY THAT IS REQUIRED TO REGISTER WITH THE
29 COMMISSIONER UNDER BOTH SUBSECTIONS (A) AND (B) OF THIS SECTION MAY

1 FILE ONE APPLICATION WITH THE COMMISSIONER AND PAY ONE APPLICATION
2 FEE.

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

6 **14-604.**

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

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

11 (1) OTHERWISE IS ENTITLED TO BE REGISTERED;

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

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

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

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

21 (E) (1) A REGISTRANT SHALL FILE ANNUALLY WITH THE
22 COMMISSIONER A CURRENT LIST OF THE PERSONS AUTHORIZED TO SELL,
23 MARKET, OR SOLICIT IN THE STATE A DISCOUNT MEDICAL PLAN OR DISCOUNT
24 DRUG PLAN ESTABLISHED BY THE REGISTRANT.

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

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

4 **14-605.**

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

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

12 **(2) FRAUDULENTLY OR DECEPTIVELY OBTAINS OR ATTEMPTS TO**
13 **OBTAIN A REGISTRATION FOR THE APPLICANT OR REGISTRANT OR FOR**
14 **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**
23 **ORAL OR WRITTEN STATEMENT, VISUAL DESCRIPTION, OR OTHER**
24 **REPRESENTATION OF ANY KIND THAT HAS THE CAPACITY, TENDENCY, OR**
25 **EFFECT OF DECEIVING OR MISLEADING CONSUMERS;**

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

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

1 **(9) FAILS TO MAINTAIN ON FILE WITH THE COMMISSIONER A**
2 **CURRENT LIST OF THE PERSONS AUTHORIZED TO SELL, MARKET, OR SOLICIT A**
3 **DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN ESTABLISHED BY THE**
4 **APPLICANT OR THE REGISTRANT.**

5 **(B) THIS SECTION DOES NOT LIMIT ANY REGULATORY POWER OF THE**
6 **COMMISSIONER UNDER TITLE 2 OF THIS ARTICLE.**

7 **14-606.**

8 ~~(A)~~ **A DISCOUNT MEDICAL PLAN ORGANIZATION AND A DISCOUNT DRUG**
9 **PLAN ORGANIZATION MAY NOT:**

10 **(1) USE IN THEIR ADVERTISEMENTS, MARKETING MATERIAL,**
11 **BROCHURES, AND DISCOUNT CARDS THE TERM “INSURANCE” EXCEPT:**

12 **(I) IN THE NAME OF AN INSURER, NONPROFIT HEALTH**
13 **SERVICE PLAN, HEALTH MAINTENANCE ORGANIZATION, OR DENTAL PLAN**
14 **ORGANIZATION WHOSE CORPORATE NAME INCLUDES THE WORD “INSURANCE”;**

15 **(II) WHEN COMPARING THE DISCOUNT MEDICAL PLAN OR**
16 **DISCOUNT DRUG PLAN TO INSURANCE OR OTHERWISE DISTINGUISHING THE**
17 **DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN FROM INSURANCE; OR**

18 **(III) AS OTHERWISE PROVIDED IN THIS SUBTITLE.**

19 **(2) USE IN THEIR ADVERTISEMENTS, MARKETING MATERIAL,**
20 **BROCHURES, AND DISCOUNT CARDS THE TERMS “HEALTH PLAN”, “COVERAGE”,**
21 **“COPAY”, “COPAYMENTS”, “PREEXISTING CONDITIONS”, “GUARANTEED ISSUE”,**
22 **“PREMIUM”, “PPO”, “PREFERRED PROVIDER ORGANIZATION”, OR OTHER**
23 **TERMS IN A CONTEXT THAT COULD REASONABLY MISLEAD A PERSON INTO**
24 **BELIEVING THE DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN WAS**
25 **HEALTH INSURANCE;**

26 **(3) HAVE RESTRICTIONS ON ACCESS TO DISCOUNT MEDICAL PLAN**
27 **OR DISCOUNT DRUG PLAN PROVIDERS, INCLUDING WAITING PERIODS AND**
28 **NOTIFICATION PERIODS;**

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

8 (5) REFUSE TO MODIFY THE METHOD OF PAYMENT FOR
9 MEMBERSHIP IN A DISCOUNT MEDICAL PLAN OR A DISCOUNT DRUG PLAN ON
10 REQUEST, UNLESS A SPECIFIC METHOD OF PAYMENT IS REQUIRED AS A TERM
11 OF THE DISCOUNT MEDICAL PLAN OR THE DISCOUNT DRUG PLAN AND WAS
12 AGREED TO IN WRITING IN ADVANCE;

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

16 (7) (I) CONTINUE ELECTRONIC FUND TRANSFER AS A METHOD
17 OF PAYMENT MORE THAN 30 CALENDAR DAYS AFTER A WRITTEN REQUEST FOR
18 TERMINATION OF ELECTRONIC FUND TRANSFER HAS BEEN MADE; OR

19 (II) REQUIRE THE MEMBER TO NOTIFY MORE THAN ONE
20 ENTITY THAT IS EITHER THE DISCOUNT MEDICAL PLAN ORGANIZATION OR THE
21 DISCOUNT DRUG PLAN ORGANIZATION OR AN ENTITY IDENTIFIED BY THE
22 DISCOUNT MEDICAL PLAN ORGANIZATION OR THE DISCOUNT DRUG PLAN
23 ORGANIZATION THAT ELECTRONIC FUND TRANSFER SHOULD BE TERMINATED.

24 **14-607.**

25 (A) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING
26 PRINTED IN 12 POINT TYPE TO ANY PROSPECTIVE MEMBER OF A DISCOUNT
27 MEDICAL PLAN ORGANIZATION AND SHALL BE INCLUDED IN ANY MARKETING
28 MATERIALS OR BROCHURES RELATING TO AN APPLICATION OR CONTRACT FOR
29 A DISCOUNT MEDICAL PLAN:

30 (1) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN IS NOT
31 INSURANCE;

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

5 (3) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN
6 ORGANIZATION ITSELF DOES NOT PAY PROVIDERS OF MEDICAL SERVICES FOR
7 SERVICES PROVIDED TO PLAN MEMBERS;

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

13 (5) A DESCRIPTION OF THE MEDICAL SERVICES SUBJECT TO
14 DISCOUNT, A DESCRIPTION OF THE DISCOUNTS THAT THE PLAN MEMBER IS
15 ENTITLED TO RECEIVE, AND THE MECHANISM BY WHICH A CURRENT OR
16 PROSPECTIVE PLAN MEMBER CAN OBTAIN THE NAMES OF THE PROVIDERS THAT
17 HAVE CONTRACTED WITH THE DISCOUNT MEDICAL PLAN ORGANIZATION TO
18 OFFER DISCOUNTS TO PLAN MEMBERS;

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

22 (7) ALL FEES, DUES, CHARGES, OR OTHER FINANCIAL
23 CONSIDERATION TO BE PAID BY THE PLAN MEMBER WITH RESPECT TO THE
24 MEMBER'S PARTICIPATION IN THE DISCOUNT MEDICAL PLAN, INCLUDING ALL
25 FEES OR CHARGES RELATING TO THE PROCESSING OF DISCOUNTS OR BILLING;

26 (8) IF THE MARKETING MATERIALS OR BROCHURES REFER TO
27 HOSPITAL SERVICES, A STATEMENT THAT THE DISCOUNT MEDICAL PLAN DOES
28 NOT OFFER A DISCOUNT ON HOSPITAL SERVICES IN MARYLAND; AND

29 (9) IF APPLICABLE, A STATEMENT THAT A NOMINAL FEE
30 ASSOCIATED WITH ENROLLMENT COSTS WILL BE RETAINED BY THE DISCOUNT
31 MEDICAL PLAN ORGANIZATION, IN ACCORDANCE WITH § 14-608(A) OF THIS
32 SUBTITLE, IF MEMBERSHIP IS CANCELED WITHIN THE FIRST 30 CALENDAR DAYS
33 AFTER THE EFFECTIVE DATE OF ENROLLMENT.

1 **(B) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING**
2 **PRINTED IN 12 POINT TYPE TO ANY PROSPECTIVE MEMBER OF A DISCOUNT**
3 **DRUG PLAN ORGANIZATION AND SHALL BE INCLUDED IN ANY MARKETING**
4 **MATERIALS OR BROCHURES RELATING TO AN APPLICATION OR CONTRACT FOR**
5 **A DISCOUNT DRUG PLAN:**

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

7 **(I) INSURANCE; OR**

8 **(II) A MEDICARE PRESCRIPTION DRUG PLAN;**

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

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

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

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

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

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

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

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

10 (8) IF APPLICABLE, A STATEMENT THAT A NOMINAL FEE
11 ASSOCIATED WITH ENROLLMENT COSTS WILL BE RETAINED BY THE DISCOUNT
12 DRUG PLAN ORGANIZATION, IN ACCORDANCE WITH § 14-608(A) OF THIS
13 SUBTITLE, IF MEMBERSHIP IS CANCELED WITHIN THE FIRST 30 CALENDAR DAYS
14 AFTER THE EFFECTIVE DATE OF ENROLLMENT.

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

18 (1) MADE ORALLY; AND

19 (2) INCLUDED WITH THE MEMBERSHIP CARD WHEN MAILED TO
20 THE PROSPECTIVE PLAN MEMBER.

21 (D) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING IN 12
22 POINT TYPE IN ANY ADVERTISEMENT ~~RELATING~~ TO PROMOTE INTEREST IN OR
23 PROMOTE THE DESIRE TO INQUIRE FURTHER ABOUT A DISCOUNT MEDICAL
24 PLAN:

25 (1) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN IS NOT
26 INSURANCE;

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

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

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

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

10 (6) IF THE ADVERTISEMENT REFERS TO HOSPITAL SERVICES ~~IN~~
11 ~~OTHER STATES~~, A STATEMENT THAT THE DISCOUNT MEDICAL PLAN DOES NOT
12 ~~AND MAY NOT BY LAW~~ OFFER A DISCOUNT ON HOSPITAL SERVICES IN
13 MARYLAND.

14 (E) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING IN 12
15 POINT TYPE IN ANY ADVERTISEMENT ~~RELATING TO~~ PROMOTE INTEREST IN OR
16 PROMOTE THE DESIRE TO INQUIRE FURTHER ABOUT A DISCOUNT DRUG PLAN:

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

18 (I) INSURANCE; OR

19 (II) A MEDICARE PRESCRIPTION DRUG PLAN;

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

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

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

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

7 **14-608.**

8 (A) (1) IF MEMBERSHIP IN A DISCOUNT MEDICAL PLAN OR A
9 DISCOUNT DRUG PLAN IS CANCELED WITHIN THE FIRST 30 CALENDAR DAYS
10 AFTER THE EFFECTIVE DATE OF ENROLLMENT, ALL FEES, DUES, CHARGES, OR
11 OTHER FINANCIAL CONSIDERATION, EXCEPT A NOMINAL FEE, NOT TO EXCEED
12 ANY FEES, DUES, CHARGES, OR OTHER FINANCIAL CONSIDERATION THE
13 MEMBER HAS ALREADY PAID, ASSOCIATED WITH ENROLLMENT COSTS THAT
14 WERE PART OF THE COST OF THE DISCOUNT MEDICAL PLAN CARD OR THE
15 DISCOUNT DRUG PLAN CARD, SHALL BE REFUNDED TO THE PAYOR ON RETURN
16 OF THE DISCOUNT MEDICAL PLAN CARD TO THE DISCOUNT MEDICAL PLAN
17 ORGANIZATION OR RETURN OF THE DISCOUNT DRUG PLAN CARD TO THE
18 DISCOUNT DRUG PLAN ORGANIZATION.

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

25 (3) ~~ANY~~ SUBJECT TO PARAGRAPH (1) OF THIS SUBSECTION, ANY
26 REGULATION ADOPTED UNDER THIS SUBSECTION SHALL INCLUDE A CAP ON
27 THE NOMINAL FEE THAT MAY BE RETAINED.

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

1 **14-609.**

2 (A) EACH DISCOUNT MEDICAL PLAN ORGANIZATION AND EACH
3 DISCOUNT DRUG ORGANIZATION SHALL PROVIDE TO A PLAN MEMBER OR TO A
4 PLAN MEMBER FOR THE MEMBER'S FAMILY A DISCOUNT CARD THAT INCLUDES,
5 AT A MINIMUM, THE FOLLOWING DATA ELEMENTS:

6 (1) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN OR
7 DISCOUNT DRUG PLAN IS NOT INSURANCE;

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

11 (II) THE NAME OR IDENTIFYING TRADEMARK OF THE
12 PROVIDER NETWORKS THAT PARTICIPATE WITH THE DISCOUNT MEDICAL PLAN
13 OR DISCOUNT DRUG PLAN; AND

14 (3) THE TELEPHONE NUMBER THAT THE PLAN MEMBER MAY
15 CALL FOR ASSISTANCE.

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

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

24 **14-610.**

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

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

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

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

7 **14-611.**

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

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

12 **(2) THAT REQUIRES THE VIOLATOR TO TAKE SPECIFIC**
13 **AFFIRMATIVE ACTION TO CORRECT THE VIOLATION;**

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

17 **(4) THAT REQUIRES A DISCOUNT MEDICAL PLAN ORGANIZATION**
18 **OR A DISCOUNT DRUG PLAN ORGANIZATION TO MAKE RESTITUTION OF MONEY,**
19 **PROPERTY, OR OTHER ASSETS TO A PERSON WHO HAS SUFFERED FINANCIAL**
20 **INJURY BECAUSE OF A VIOLATION BY ANY PERSON AUTHORIZED TO SELL,**
21 **MARKET, SOLICIT, OR ADMINISTER A DISCOUNT MEDICAL PLAN OR DISCOUNT**
22 **DRUG PLAN ESTABLISHED BY THE DISCOUNT MEDICAL PLAN ORGANIZATION OR**
23 **DISCOUNT DRUG PLAN ORGANIZATION WHILE THE PERSON IS ACTING WITH THE**
24 **ACTUAL OR APPARENT AUTHORITY OF THE DISCOUNT MEDICAL PLAN**
25 **ORGANIZATION OR DISCOUNT DRUG PLAN ORGANIZATION.**

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

29 **(2) AN ORDER OF THE COMMISSIONER ISSUED UNDER THIS**
30 **SECTION MAY BE SERVED ON A VIOLATOR THAT IS NOT REGISTERED UNDER**

1 THIS SUBTITLE IN THE MANNER PROVIDED FOR SERVICE ON AN UNAUTHORIZED
2 INSURER THAT DOES AN ACT OF INSURANCE BUSINESS IN TITLE 4 OF THIS
3 ARTICLE.

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

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

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

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

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

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

26 **14-612.**

27 THE COMMISSIONER SHALL ADOPT REGULATIONS TO CARRY OUT THE
28 PROVISIONS OF THIS SUBTITLE.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2007.