

HOUSE BILL 847

C3
SB 281/06 – FIN

71r2101
CF SB 596

By: **Delegate Bromwell**

Introduced and read first time: February 9, 2007

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 14, 2007

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;
12 requiring certain disclosures to be made by discount medical plan organizations
13 and discount drug plan organizations; requiring certain reimbursement if
14 membership in a discount medical plan or discount drug plan is canceled under
15 certain circumstances; requiring the Commissioner, in consultation with the
16 Office of the Attorney General, to adopt regulations that establish standards for
17 determining a certain fee; requiring that certain information appear on certain
18 discount cards; authorizing the examination of discount medical plan
19 organizations and discount drug plan organizations under certain
20 circumstances; authorizing the Commissioner to take certain actions to enforce
21 certain provisions of law; providing for certain penalties; providing for the

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.



1 payment of the examinations; requiring an insurer, nonprofit health service
 2 plan, health maintenance organization, or dental plan organization to meet
 3 certain requirements; requiring the Commissioner to adopt certain regulations;
 4 defining certain terms; providing for the application of this Act; and generally
 5 relating to discount medical plan organizations and discount drug plan
 6 organizations.

7 BY adding to
 8 Article – Health – General
 9 Section 19–706(jjj)
 10 Annotated Code of Maryland
 11 (2005 Replacement Volume and 2006 Supplement)

12 BY repealing and reenacting, with amendments,
 13 Article – Insurance
 14 Section 2–208
 15 Annotated Code of Maryland
 16 (2003 Replacement Volume and 2006 Supplement)

17 BY adding to
 18 Article – Insurance
 19 Section 14–601 through 14–612 to be under the new subtitle “Subtitle 6.
 20 Discount Medical Plan Organizations and Discount Drug Plan
 21 Organizations”
 22 Annotated Code of Maryland
 23 (2006 Replacement Volume and 2006 Supplement)

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

26 **Article – Health – General**

27 19–706.

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

30 **Article – Insurance**

31 2–208.

1 The expense incurred in an examination made under § 2–205 of this subtitle, §
2 2–206 of this subtitle for surplus lines brokers and insurance holding corporations, §
3 23–207 of this article for premium finance companies, § 15–10B–19 of this article for
4 private review agents, [or] § 15–10B–20 of this article, **OR § 14–610 OF THIS**
5 **ARTICLE FOR DISCOUNT MEDICAL PLAN ORGANIZATIONS AND DISCOUNT DRUG**
6 **PLAN ORGANIZATIONS** shall be paid by the person examined in the following
7 manner:

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

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

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

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

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

19 **SUBTITLE 6. DISCOUNT MEDICAL PLAN ORGANIZATIONS AND DISCOUNT**
20 **DRUG PLAN ORGANIZATIONS.**

21 **14–601.**

22 (A) **IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
23 **INDICATED.**

24 (B) (1) **“DISCOUNT DRUG PLAN” MEANS A BUSINESS ARRANGEMENT**
25 **OR CONTRACT IN WHICH A PERSON, IN EXCHANGE FOR FEES, DUES, CHARGES,**
26 **OR OTHER FINANCIAL CONSIDERATION PAID BY OR ON BEHALF OF A PLAN**
27 **MEMBER, PROVIDES THE RIGHT TO RECEIVE DISCOUNTS ON SPECIFIED**
28 **PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT**
29 **AND SUPPLIES FROM SPECIFIED PROVIDERS.**

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

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

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

8 ~~**(H)**~~ **2.** **AN ADMINISTRATIVE OR PROCESSING FEE PAID**
9 **BY ANYONE OTHER THAN A PLAN MEMBER TO A PROVIDER IN CONNECTION**
10 **WITH THAT PROVIDER'S PROVISION OF DISCOUNTS TO PLAN MEMBERS; OR**

11 **(II)** **A PATIENT ASSISTANCE PROGRAM THAT:**

12 **1.** **IS SPONSORED, OFFERED, OR PROVIDED FOR BY A**
13 **PHARMACEUTICAL MANUFACTURER; AND**

14 **2.** **IS NOT PROVIDED IN EXCHANGE FOR FEES, DUES,**
15 **CHARGES, OR OTHER FINANCIAL CONSIDERATION.**

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

17 **(1)** **CONTRACTS DIRECTLY OR INDIRECTLY WITH PROVIDERS OR**
18 **PROVIDER NETWORKS TO PROVIDE PHARMACEUTICAL SUPPLIES,**
19 **PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES AT A DISCOUNT**
20 **TO PLAN MEMBERS; AND**

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

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

27 **(E)** **“DISCOUNT MEDICAL PLAN ORGANIZATION” MEANS AN ENTITY**
28 **THAT:**

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

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

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

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

13 (H) **“MEDICARE PRESCRIPTION DRUG PLAN” MEANS A PLAN THAT**
14 **PROVIDES A MEDICARE PART D PRESCRIPTION DRUG BENEFIT IN**
15 **ACCORDANCE WITH THE REQUIREMENTS OF THE FEDERAL MEDICARE**
16 **MODERNIZATION ACT.**

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

20 (J) **“PROVIDER” MEANS:**

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

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

28 (K) **“STATE PRESCRIPTION DRUG PLAN” MEANS ANY DISCOUNT PLAN**
29 **OPERATED BY A STATE AGENCY.**

30 **14-602.**

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

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

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

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

12 (3) (I) FILE ANNUALLY WITH THE COMMISSIONER A CURRENT
13 LIST OF THE PERSONS, OTHER THAN LICENSED INSURANCE PRODUCERS, WHO
14 ARE AUTHORIZED TO SELL, MARKET, OR SOLICIT IN THE STATE A DISCOUNT
15 MEDICAL PLAN OR DISCOUNT DRUG PLAN ESTABLISHED BY THE INSURER,
16 NONPROFIT HEALTH SERVICE PLAN, HEALTH MAINTENANCE ORGANIZATION, OR
17 DENTAL PLAN ORGANIZATION; AND

18 (II) PROVIDE THE COMMISSIONER WITH AN ADDITIONAL
19 LIST ON REQUEST.

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

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

26 **14-603.**

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

1 (2) A DISCOUNT MEDICAL PLAN MAY NOT BE SOLD, MARKETED,
2 OR SOLICITED IN THE STATE UNLESS THE DISCOUNT MEDICAL PLAN
3 ORGANIZATION THAT ESTABLISHED THE DISCOUNT MEDICAL PLAN IS
4 REGISTERED WITH THE COMMISSIONER.

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

9 (2) A DISCOUNT DRUG PLAN MAY NOT BE SOLD, MARKETED, OR
10 SOLICITED IN THE STATE UNLESS THE DISCOUNT DRUG PLAN ORGANIZATION
11 THAT ESTABLISHED THE DISCOUNT DRUG PLAN IS REGISTERED WITH THE
12 COMMISSIONER.

13 (C) AN APPLICANT FOR REGISTRATION SHALL:

14 (1) FILE WITH THE COMMISSIONER AN APPLICATION ON THE
15 FORM THAT THE COMMISSIONER REQUIRES; AND

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

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

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

24 **14-604.**

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

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

1 (1) OTHERWISE IS ENTITLED TO BE REGISTERED;

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

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

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

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

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

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

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

20 **14-605.**

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

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

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

4 (3) HAS BEEN CONVICTED OF A FELONY OR OF A MISDEMEANOR
5 INVOLVING MORAL TURPITUDE;

6 (4) IN CONNECTION WITH THE ADMINISTRATION OF A DISCOUNT
7 MEDICAL PLAN OR DISCOUNT DRUG PLAN, COMMITS FRAUD OR ENGAGES IN
8 ILLEGAL OR DISHONEST ACTIVITIES;

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

11 (6) PROVIDES A FALSE, FALSELY DISPARAGING, OR MISLEADING
12 ORAL OR WRITTEN STATEMENT, VISUAL DESCRIPTION, OR OTHER
13 REPRESENTATION OF ANY KIND THAT HAS THE CAPACITY, TENDENCY, OR
14 EFFECT OF DECEIVING OR MISLEADING CONSUMERS;

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

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

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

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

26 **14-606.**

27 (A) A DISCOUNT MEDICAL PLAN ORGANIZATION AND A DISCOUNT DRUG
28 PLAN ORGANIZATION MAY NOT:

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

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

6 **(II) WHEN COMPARING THE DISCOUNT MEDICAL PLAN OR**
7 **DISCOUNT DRUG PLAN TO INSURANCE OR OTHERWISE DISTINGUISHING THE**
8 **DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN FROM INSURANCE; OR**

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

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

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

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

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

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

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

7 **(II) REQUIRE THE MEMBER TO NOTIFY MORE THAN ONE**
8 **ENTITY THAT IS EITHER THE DISCOUNT MEDICAL PLAN ORGANIZATION OR THE**
9 **DISCOUNT DRUG PLAN ORGANIZATION OR AN ENTITY IDENTIFIED BY THE**
10 **DISCOUNT MEDICAL PLAN ORGANIZATION OR THE DISCOUNT DRUG PLAN**
11 **ORGANIZATION THAT ELECTRONIC FUND TRANSFER SHOULD BE TERMINATED.**

12 **14-607.**

13 **(A) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING**
14 **PRINTED IN 12 POINT TYPE TO ANY PROSPECTIVE MEMBER OF A DISCOUNT**
15 **MEDICAL PLAN ORGANIZATION AND SHALL BE INCLUDED IN ANY MARKETING**
16 **MATERIALS OR BROCHURES RELATING TO AN APPLICATION OR CONTRACT FOR**
17 **A DISCOUNT MEDICAL PLAN:**

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

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

24 **(3) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN**
25 **ORGANIZATION ITSELF DOES NOT PAY PROVIDERS OF MEDICAL SERVICES FOR**
26 **SERVICES PROVIDED TO PLAN MEMBERS;**

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

1 (5) A DESCRIPTION OF THE MEDICAL SERVICES SUBJECT TO
2 DISCOUNT, A DESCRIPTION OF THE DISCOUNTS THAT THE PLAN MEMBER IS
3 ENTITLED TO RECEIVE, AND THE MECHANISM BY WHICH A CURRENT OR
4 PROSPECTIVE PLAN MEMBER CAN OBTAIN THE NAMES OF THE PROVIDERS THAT
5 HAVE CONTRACTED WITH THE DISCOUNT MEDICAL PLAN ORGANIZATION TO
6 OFFER DISCOUNTS TO PLAN MEMBERS;

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

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

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

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

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

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

28 (I) INSURANCE; OR

29 (II) A MEDICARE PRESCRIPTION DRUG PLAN;

30 (2) A STATEMENT THAT MEMBERSHIP IN THE DISCOUNT DRUG
31 PLAN ENTITLES MEMBERS TO DISCOUNTS FOR CERTAIN PHARMACEUTICAL

1 SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES
2 OFFERED BY PROVIDERS WHO HAVE AGREED TO PARTICIPATE IN THE DISCOUNT
3 DRUG PLAN;

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

8 (4) A STATEMENT THAT THE DISCOUNT DRUG PLAN MEMBER IS
9 REQUIRED TO PAY FOR ALL PHARMACEUTICAL SUPPLIES, PRESCRIPTION
10 DRUGS, AND MEDICAL EQUIPMENT AND SUPPLIES PROVIDED, BUT IS ENTITLED
11 TO RECEIVE A DISCOUNT ON CERTAIN IDENTIFIED PHARMACEUTICAL SUPPLIES,
12 PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES FROM THOSE
13 PROVIDERS WHO HAVE CONTRACTED WITH THE DISCOUNT DRUG PLAN
14 ORGANIZATION;

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

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

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

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

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

30 (8) IF APPLICABLE, A STATEMENT THAT A NOMINAL FEE
31 ASSOCIATED WITH ENROLLMENT COSTS WILL BE RETAINED BY THE DISCOUNT
32 DRUG PLAN ORGANIZATION, IN ACCORDANCE WITH § 14-608(A) OF THIS

1 **SUBTITLE, IF MEMBERSHIP IS CANCELED WITHIN THE FIRST 30 CALENDAR DAYS**
2 **AFTER THE EFFECTIVE DATE OF ENROLLMENT.**

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

6 **(1) MADE ORALLY; AND**

7 **(2) INCLUDED WITH THE MEMBERSHIP CARD WHEN MAILED TO**
8 **THE PROSPECTIVE PLAN MEMBER.**

9 **(D) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING IN 12**
10 **POINT TYPE IN ANY ADVERTISEMENT ~~RELATING TO~~ PROMOTE INTEREST IN OR**
11 **PROMOTE THE DESIRE TO INQUIRE FURTHER ABOUT A DISCOUNT MEDICAL**
12 **PLAN:**

13 **(1) A STATEMENT THAT THE DISCOUNT MEDICAL PLAN IS NOT**
14 **INSURANCE;**

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

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

22 **(4) THE NAME, LOCATION, AND CONTACT INFORMATION,**
23 **INCLUDING A TELEPHONE NUMBER, FOR THE DISCOUNT MEDICAL PLAN**
24 **ORGANIZATION;**

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

28 **(6) IF THE ADVERTISEMENT REFERS TO HOSPITAL SERVICES ~~IN~~**
29 **~~OTHER STATES~~, A STATEMENT THAT THE DISCOUNT MEDICAL PLAN DOES NOT**

1 ~~AND MAY NOT BY LAW~~ OFFER A DISCOUNT ON HOSPITAL SERVICES IN
2 MARYLAND.

3 (E) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING IN 12
4 POINT TYPE IN ANY ADVERTISEMENT ~~RELATING TO~~ PROMOTE INTEREST IN OR
5 PROMOTE THE DESIRE TO INQUIRE FURTHER ABOUT 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 PLAN MEMBER, AND NOT THE
15 DISCOUNT DRUG PLAN ORGANIZATION, IS REQUIRED TO PAY FOR ALL
16 PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT
17 AND SUPPLIES PROVIDED;

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

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

24 **14-608.**

25 (A) (1) IF MEMBERSHIP IN A DISCOUNT MEDICAL PLAN OR A
26 DISCOUNT DRUG PLAN IS CANCELED WITHIN THE FIRST 30 CALENDAR DAYS
27 AFTER THE EFFECTIVE DATE OF ENROLLMENT, ALL FEES, DUES, CHARGES, OR
28 OTHER FINANCIAL CONSIDERATION, EXCEPT A NOMINAL FEE, NOT TO EXCEED
29 ANY FEES, DUES, CHARGES, OR OTHER FINANCIAL CONSIDERATION THE
30 MEMBER HAS ALREADY PAID, ASSOCIATED WITH ENROLLMENT COSTS THAT

1 WERE PART OF THE COST OF THE DISCOUNT MEDICAL PLAN CARD OR THE
2 DISCOUNT DRUG PLAN CARD, SHALL BE REFUNDED TO THE PAYOR ON RETURN
3 OF THE DISCOUNT MEDICAL PLAN CARD TO THE DISCOUNT MEDICAL PLAN
4 ORGANIZATION OR RETURN OF THE DISCOUNT DRUG PLAN CARD TO THE
5 DISCOUNT DRUG PLAN ORGANIZATION.

6 (2) THE COMMISSIONER, IN CONSULTATION WITH THE
7 ATTORNEY GENERAL, SHALL ADOPT REGULATIONS THAT ESTABLISH
8 STANDARDS FOR DETERMINING THE NOMINAL FEE ASSOCIATED WITH
9 ENROLLMENT COSTS THAT MAY BE RETAINED BY A DISCOUNT MEDICAL PLAN
10 ORGANIZATION OR A DISCOUNT DRUG PLAN ORGANIZATION UNDER THIS
11 SUBSECTION.

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

14 (B) IF A DISCOUNT MEDICAL PLAN ORGANIZATION OR A DISCOUNT
15 DRUG PLAN ORGANIZATION CANCELS A MEMBERSHIP FOR ANY REASON OTHER
16 THAN NONPAYMENT, THE DISCOUNT MEDICAL PLAN ORGANIZATION OR
17 DISCOUNT DRUG PLAN ORGANIZATION SHALL MAKE A PRO RATA REFUND TO
18 THE PAYOR OF ALL FEES, DUES, CHARGES, OR OTHER FINANCIAL
19 CONSIDERATION WITHIN 30 CALENDAR DAYS AFTER THE DATE OF
20 CANCELLATION.

21 **14-609.**

22 (A) EACH DISCOUNT MEDICAL PLAN ORGANIZATION AND EACH
23 DISCOUNT DRUG ORGANIZATION SHALL PROVIDE TO A PLAN MEMBER OR TO A
24 PLAN MEMBER FOR THE MEMBER'S FAMILY A DISCOUNT CARD THAT INCLUDES,
25 AT A MINIMUM, THE FOLLOWING DATA ELEMENTS:

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

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

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

4 (3) THE TELEPHONE NUMBER THAT THE PLAN MEMBER MAY
5 CALL FOR ASSISTANCE.

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

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

14 **14-610.**

15 (A) WHENEVER THE COMMISSIONER CONSIDERS IT ADVISABLE, THE
16 COMMISSIONER MAY EXAMINE THE AFFAIRS, TRANSACTIONS, ACCOUNTS,
17 RECORDS, AND ASSETS OF A DISCOUNT MEDICAL PLAN ORGANIZATION OR
18 DISCOUNT DRUG PLAN ORGANIZATION.

19 (B) THE EXAMINATION SHALL BE CONDUCTED IN ACCORDANCE WITH §
20 2-207 OF THIS ARTICLE.

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

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

25 **14-611.**

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

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

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

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

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

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

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

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

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

31 **(5) IF THE COMMISSIONER PREVAILS IN AN ACTION BROUGHT BY**
32 **THE COMMISSIONER UNDER THIS SECTION, THE COMMISSIONER MAY RECOVER**

1 FOR THE USE OF THE STATE REASONABLE ATTORNEY’S FEES AND THE COSTS OF
2 THE ACTION.

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

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

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

13 14-612.

14 THE COMMISSIONER SHALL ADOPT REGULATIONS TO CARRY OUT THE
15 PROVISIONS OF THIS SUBTITLE.

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.