

SENATE BILL 596

C3
SB 281/06 – FIN

71r2094
CF 71r2101

By: **Senator Klausmeier**

Introduced and read first time: February 2, 2007

Assigned to: Finance

A BILL ENTITLED

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

24 **Article – Health – General**

25 19–706.

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

28 **Article – Insurance**

29 2–208.

30 The expense incurred in an examination made under § 2–205 of this subtitle, §
 31 2–206 of this subtitle for surplus lines brokers and insurance holding corporations, §
 32 23–207 of this article for premium finance companies, § 15–10B–19 of this article for

1 private review agents, [or] § 15–10B–20 of this article, **OR § 14–610 OF THIS**
2 **ARTICLE FOR DISCOUNT MEDICAL PLAN ORGANIZATIONS AND DISCOUNT DRUG**
3 **PLAN ORGANIZATIONS** shall be paid by the person examined in the following
4 manner:

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

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

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

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

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

16 **SUBTITLE 6. DISCOUNT MEDICAL PLAN ORGANIZATIONS AND DISCOUNT**
17 **DRUG PLAN ORGANIZATIONS.**

18 **14–601.**

19 (A) **IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
20 **INDICATED.**

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

27 (2) **“DISCOUNT DRUG PLAN” DOES NOT INCLUDE A BUSINESS**
28 **ARRANGEMENT OR CONTRACT IN WHICH THE FEES, DUES, CHARGES, AND**
29 **OTHER FINANCIAL CONSIDERATION PAID BY OR ON BEHALF OF A PLAN MEMBER**
30 **CONSIST ONLY OF:**

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

5 (II) AN ADMINISTRATIVE OR PROCESSING FEE PAID BY
6 ANYONE OTHER THAN A PLAN MEMBER TO A PROVIDER IN CONNECTION WITH
7 THAT PROVIDER’S PROVISION OF DISCOUNTS TO PLAN MEMBERS.

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

9 (1) CONTRACTS DIRECTLY OR INDIRECTLY WITH PROVIDERS OR
10 PROVIDER NETWORKS TO PROVIDE PHARMACEUTICAL SUPPLIES,
11 PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT AND SUPPLIES AT A DISCOUNT
12 TO PLAN MEMBERS; AND

13 (2) DETERMINES THE CHARGE TO PLAN MEMBERS.

14 (D) “DISCOUNT MEDICAL PLAN” MEANS A BUSINESS ARRANGEMENT OR
15 CONTRACT IN WHICH A PERSON, IN EXCHANGE FOR FEES, DUES, CHARGES, OR
16 OTHER FINANCIAL CONSIDERATION PAID BY OR ON BEHALF OF A PLAN
17 MEMBER, PROVIDES THE RIGHT TO RECEIVE DISCOUNTS ON SPECIFIED
18 MEDICAL SERVICES FROM SPECIFIED PROVIDERS.

19 (E) “DISCOUNT MEDICAL PLAN ORGANIZATION” MEANS AN ENTITY
20 THAT:

21 (1) CONTRACTS DIRECTLY OR INDIRECTLY WITH PROVIDERS OR
22 PROVIDER NETWORKS TO PROVIDE MEDICAL SERVICES AT A DISCOUNT TO PLAN
23 MEMBERS; AND

24 (2) DETERMINES THE CHARGE TO PLAN MEMBERS.

25 (F) “HOSPITAL SERVICES” HAS THE MEANING STATED IN § 19–201 OF
26 THE HEALTH – GENERAL ARTICLE.

27 (G) “MEDICAL SERVICES” MEANS ANY CARE, SERVICE, OR TREATMENT
28 OF ILLNESS OR DYSFUNCTION OF, OR INJURY TO, THE HUMAN BODY, INCLUDING
29 PHYSICIAN CARE, OUTPATIENT SERVICES, AMBULANCE SERVICES, DENTAL

1 CARE SERVICES, VISION CARE SERVICES, MENTAL HEALTH SERVICES,
2 SUBSTANCE ABUSE SERVICES, CHIROPRACTIC SERVICES, PODIATRIC CARE
3 SERVICES, AND LABORATORY SERVICES.

4 (H) "MEDICARE PRESCRIPTION DRUG PLAN" MEANS A PLAN THAT
5 PROVIDES A MEDICARE PART D PRESCRIPTION DRUG BENEFIT IN
6 ACCORDANCE WITH THE REQUIREMENTS OF THE FEDERAL MEDICARE
7 MODERNIZATION ACT.

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

11 (J) "PROVIDER" MEANS:

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

15 (2) ANY PERSON OR INSTITUTION WHICH IS CONTRACTED,
16 DIRECTLY OR INDIRECTLY, WITH A DISCOUNT DRUG PLAN ORGANIZATION TO
17 PROVIDE PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL
18 EQUIPMENT AND SUPPLIES TO PLAN MEMBERS.

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

21 **14-602.**

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

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

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

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

4 **(3) (I) FILE QUARTERLY WITH THE COMMISSIONER A**
5 **CURRENT LIST OF THE PERSONS AUTHORIZED TO SELL, MARKET, OR SOLICIT IN**
6 **THE STATE A DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN**
7 **ESTABLISHED BY THE INSURER, NONPROFIT HEALTH SERVICE PLAN, HEALTH**
8 **MAINTENANCE ORGANIZATION, OR DENTAL PLAN ORGANIZATION; AND**

9 **(II) PROVIDE THE COMMISSIONER WITH AN ADDITIONAL**
10 **LIST ON REQUEST.**

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

15 **(D) THIS SUBTITLE DOES NOT APPLY TO MEDICARE PRESCRIPTION**
16 **DRUG PLANS OR TO A STATE PRESCRIPTION DRUG PLAN.**

17 **14-603.**

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

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

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

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

5 (C) AN APPLICANT FOR REGISTRATION SHALL:

6 (1) FILE WITH THE COMMISSIONER AN APPLICATION ON THE
7 FORM THAT THE COMMISSIONER REQUIRES; AND

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

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

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

16 **14-604.**

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

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

21 (1) OTHERWISE IS ENTITLED TO BE REGISTERED;

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

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

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

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

4 (E) **(1) A REGISTRANT SHALL FILE QUARTERLY WITH THE**
5 **COMMISSIONER A CURRENT LIST OF THE PERSONS AUTHORIZED TO SELL,**
6 **MARKET, OR SOLICIT IN THE STATE A DISCOUNT MEDICAL PLAN OR DISCOUNT**
7 **DRUG PLAN ESTABLISHED BY THE REGISTRANT.**

8 **(2) A REGISTRANT SHALL PROVIDE THE COMMISSIONER AN**
9 **ADDITIONAL LIST ON REQUEST.**

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

13 **14-605.**

14 (A) **SUBJECT TO THE HEARING PROVISIONS OF TITLE 2 OF THIS**
15 **ARTICLE, THE COMMISSIONER MAY DENY A REGISTRATION TO AN APPLICANT**
16 **OR REFUSE TO RENEW, SUSPEND, OR REVOKE THE REGISTRATION OF A**
17 **REGISTRANT IF THE APPLICANT OR REGISTRANT, OR AN OFFICER, DIRECTOR,**
18 **OR EMPLOYEE OF THE APPLICANT OR REGISTRANT:**

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

21 **(2) FRAUDULENTLY OR DECEPTIVELY OBTAINS OR ATTEMPTS TO**
22 **OBTAIN A REGISTRATION FOR THE APPLICANT OR REGISTRANT OR FOR**
23 **ANOTHER;**

24 **(3) HAS BEEN CONVICTED OF A FELONY OR OF A MISDEMEANOR**
25 **INVOLVING MORAL TURPITUDE;**

26 **(4) IN CONNECTION WITH THE ADMINISTRATION OF A DISCOUNT**
27 **MEDICAL PLAN OR DISCOUNT DRUG PLAN, COMMITS FRAUD OR ENGAGES IN**
28 **ILLEGAL OR DISHONEST ACTIVITIES;**

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

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

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

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

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

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

18 **14-606.**

19 (A) A DISCOUNT MEDICAL PLAN ORGANIZATION AND A DISCOUNT DRUG
20 PLAN ORGANIZATION MAY NOT:

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

23 (I) IN THE NAME OF AN INSURER, NONPROFIT HEALTH
24 SERVICE PLAN, HEALTH MAINTENANCE ORGANIZATION, OR DENTAL PLAN
25 ORGANIZATION WHOSE CORPORATE NAME INCLUDES THE WORD "INSURANCE";

26 (II) WHEN COMPARING THE DISCOUNT MEDICAL PLAN OR
27 DISCOUNT DRUG PLAN TO INSURANCE OR OTHERWISE DISTINGUISHING THE
28 DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN FROM INSURANCE; OR

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

2 **(2) USE IN THEIR ADVERTISEMENTS, MARKETING MATERIAL,**
3 **BROCHURES, AND DISCOUNT CARDS THE TERMS “HEALTH PLAN”, “COVERAGE”,**
4 **“COPAY”, “COPAYMENTS”, “PREEXISTING CONDITIONS”, “GUARANTEED ISSUE”,**
5 **“PREMIUM”, “PPO”, “PREFERRED PROVIDER ORGANIZATION”, OR OTHER**
6 **TERMS IN A CONTEXT THAT COULD REASONABLY MISLEAD A PERSON INTO**
7 **BELIEVING THE DISCOUNT MEDICAL PLAN OR DISCOUNT DRUG PLAN WAS**
8 **HEALTH INSURANCE;**

9 **(3) HAVE RESTRICTIONS ON ACCESS TO DISCOUNT MEDICAL PLAN**
10 **OR DISCOUNT DRUG PLAN PROVIDERS, INCLUDING WAITING PERIODS AND**
11 **NOTIFICATION PERIODS;**

12 **(4) PAY PROVIDERS ANY FEES FOR MEDICAL SERVICES,**
13 **PHARMACEUTICAL SUPPLIES, PRESCRIPTION DRUGS, OR MEDICAL EQUIPMENT**
14 **AND SUPPLIES, EXCEPT THAT A DISCOUNT MEDICAL PLAN ORGANIZATION OR A**
15 **DISCOUNT DRUG PLAN ORGANIZATION THAT ALSO HAS AN ACTIVE**
16 **REGISTRATION UNDER TITLE 8, SUBTITLE 3 OF THIS ARTICLE MAY CONTINUE**
17 **TO PAY FEES TO PROVIDERS IN ITS CAPACITY AS A THIRD PARTY**
18 **ADMINISTRATOR;**

19 **(5) REFUSE TO MODIFY THE METHOD OF PAYMENT FOR**
20 **MEMBERSHIP IN A DISCOUNT MEDICAL PLAN OR A DISCOUNT DRUG PLAN ON**
21 **REQUEST, UNLESS A SPECIFIC METHOD OF PAYMENT IS REQUIRED AS A TERM**
22 **OF THE DISCOUNT MEDICAL PLAN OR THE DISCOUNT DRUG PLAN AND WAS**
23 **AGREED TO IN WRITING IN ADVANCE;**

24 **(6) IF MEMBERSHIP IS BILLED ON A MONTHLY BASIS, REFUSE TO**
25 **PERMIT MEMBERSHIP TO TERMINATE WITHOUT FINANCIAL PENALTY ON NO**
26 **MORE THAN 30 CALENDAR DAYS’ WRITTEN NOTICE; OR**

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

30 **(II) REQUIRE THE MEMBER TO NOTIFY MORE THAN ONE**
31 **ENTITY THAT IS EITHER THE DISCOUNT MEDICAL PLAN ORGANIZATION OR THE**
32 **DISCOUNT DRUG PLAN ORGANIZATION OR AN ENTITY IDENTIFIED BY THE**

1 DISCOUNT MEDICAL PLAN ORGANIZATION OR THE DISCOUNT DRUG PLAN
2 ORGANIZATION THAT ELECTRONIC FUND TRANSFER SHOULD BE TERMINATED.

3 **14-607.**

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

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

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

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

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

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

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

1 **(7) ALL FEES, DUES, CHARGES, OR OTHER FINANCIAL**
2 **CONSIDERATION TO BE PAID BY THE PLAN MEMBER WITH RESPECT TO THE**
3 **MEMBER'S PARTICIPATION IN THE DISCOUNT MEDICAL PLAN, INCLUDING ALL**
4 **FEES OR CHARGES RELATING TO THE PROCESSING OF DISCOUNTS OR BILLING;**

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

9 **(II) IF A DISCOUNT MEDICAL PLAN DOES NOT OFFER**
10 **HOSPITAL SERVICES IN OTHER STATES, A STATEMENT THAT THE DISCOUNT**
11 **MEDICAL PLAN DOES NOT OFFER A DISCOUNT ON HOSPITAL SERVICES; AND**

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

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

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

22 **(I) INSURANCE; OR**

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

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

29 **(3) A STATEMENT THAT THE DISCOUNT DRUG PLAN**
30 **ORGANIZATION ITSELF DOES NOT PAY PROVIDERS OF PHARMACEUTICAL**

1 SUPPLIES, PRESCRIPTION DRUGS, AND MEDICAL EQUIPMENT AND SUPPLIES
2 PROVIDED TO PLAN MEMBERS;

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

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

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

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

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

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

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

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**
6 **THE PROSPECTIVE PLAN MEMBER.**

7 **(D) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING IN 12**
8 **POINT 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**
12 **PLAN ENTITLES MEMBERS TO DISCOUNTS FOR CERTAIN MEDICAL SERVICES**
13 **OFFERED BY PROVIDERS WHO HAVE AGREED TO PARTICIPATE IN THE DISCOUNT**
14 **MEDICAL PLAN;**

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

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

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; AND**

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

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

4 **(E) THE FOLLOWING DISCLOSURES SHALL BE MADE IN WRITING IN 12**
5 **POINT TYPE IN ANY ADVERTISEMENT RELATING TO 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 ASSOCIATED WITH**
29 **ENROLLMENT COSTS THAT WERE PART OF THE COST OF THE DISCOUNT**

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

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

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

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

20 **14-609.**

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

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

27 (2) (I) THE NAME OR IDENTIFYING TRADEMARK OF THE
28 DISCOUNT MEDICAL PLAN ORGANIZATION OR THE DISCOUNT DRUG PLAN
29 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 (C) EACH DISCOUNT CARD PROVIDED UNDER SUBSECTION (A) OF THIS
15 SECTION SHALL:

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

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

21 **14-610.**

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

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

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

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

3 **14-611.**

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

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

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

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

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

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

25 **(2) AN ORDER OF THE COMMISSIONER ISSUED UNDER THIS**
26 **SECTION MAY BE SERVED ON A VIOLATOR THAT IS NOT REGISTERED UNDER**
27 **THIS SUBTITLE IN THE MANNER PROVIDED FOR SERVICE ON AN UNAUTHORIZED**
28 **INSURER THAT DOES AN ACT OF INSURANCE BUSINESS IN TITLE 4 OF THIS**
29 **ARTICLE.**

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

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

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

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

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

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

23 **14-612.**

24 THE COMMISSIONER SHALL ADOPT REGULATIONS TO CARRY OUT THE
25 PROVISIONS OF THIS SUBTITLE.

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

28 (1) review the need for a continued requirement that each discount
29 card for a discount medical plan or discount drug plan must include, or be attached to
30 materials that include, a statement that the discount medical plan or discount drug
31 plan is not a Medicare prescription drug plan; and

1 (2) on or before December 31, 2008, report on the findings of the
2 review, in accordance with § 2-1246 of the State Government Article, to the House
3 Health and Government Operations Committee and the Senate Finance Committee.

4 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 2007.