

# SENATE BILL 749

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71r2482  
CF HB 1054

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By: **Senator Pipkin**

Introduced and read first time: February 12, 2007

Assigned to: Rules

Re-referred to: Finance, February 16, 2007

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 30, 2007

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Health Insurance – Provider Contracts – Conditions of Participation**  
3 **with Carriers**

4 FOR the purpose of repealing a prohibition that certain health insurance carriers may  
5 not require a health care provider to serve on a provider panel of another health  
6 benefit plan of the carrier under certain circumstances; repealing a certain  
7 exception to the prohibition for a carrier that offers health care services as a  
8 managed care organization; prohibiting a provider contract from containing a  
9 provision that requires a provider, as a condition of participation with a carrier,  
10 to participate with a different carrier; authorizing a provider contract to contain  
11 the prohibited provision under certain circumstances; authorizing a carrier that  
12 offers health care services as a managed care organization to require a provider  
13 to participate with the managed care organization under certain circumstances;  
14 providing that a carrier is responsible for certain violations regardless of  
15 whether the carrier has subcontracted with certain entities; defining certain  
16 terms; and generally relating to provider contracts and conditions of  
17 participation of health care providers with health insurance carriers.

18 BY repealing and reenacting, without amendments,  
19 Article – Insurance

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### 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 Section 15–112(a)  
2 Annotated Code of Maryland  
3 (2006 Replacement Volume and 2006 Supplement)

4 BY repealing and reenacting, with amendments,  
5 Article – Insurance  
6 Section 15–112(l)  
7 Annotated Code of Maryland  
8 (2006 Replacement Volume and 2006 Supplement)

9 BY adding to  
10 Article – Insurance  
11 Section 15–112.2  
12 Annotated Code of Maryland  
13 (2006 Replacement Volume and 2006 Supplement)

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

16 **Article – Insurance**

17 15–112.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) “Ambulatory surgical facility” has the meaning stated in §  
20 19–3B–01 of the Health – General Article.

21 (3) (i) “Carrier” means:

22 1. an insurer;

23 2. a nonprofit health service plan;

24 3. a health maintenance organization;

25 4. a dental plan organization; or

26 5. any other person that provides health benefit plans  
27 subject to regulation by the State.

28 (ii) “Carrier” includes an entity that arranges a provider panel  
29 for a carrier.

1                   (4)    “Enrollee” means a person entitled to health care benefits from a  
2 carrier.

3                   (5)    “Hospital” has the meaning stated in § 19–301 of the Health –  
4 General Article.

5                   (6)    “Provider” means a health care practitioner or group of health care  
6 practitioners licensed, certified, or otherwise authorized by law to provide health care  
7 services.

8                   (7)    (i)    “Provider panel” means the providers that contract either  
9 directly or through a subcontracting entity with a carrier to provide health care  
10 services to the carrier’s enrollees under the carrier’s health benefit plan.

11                               (ii)   “Provider panel” does not include an arrangement in which  
12 any provider may participate solely by contracting with the carrier to provide health  
13 care services at a discounted fee–for–service rate.

14                   (1)    (1)    (i)    In this subsection the following words have the meanings  
15 indicated.

16                               (ii)   1.    “Health benefit plan” has the meaning stated in §  
17 15–1201 of this title.

18   2.    “Health benefit plan” includes dental plans and other  
19 health benefit plans that contract with dentists to offer dental care services.

20   (iii)   “Provider panel” includes an arrangement in which any  
21 provider may participate solely by contracting with the carrier to provide health care  
22 services at a discounted fee–for–service rate.

23                   (2)    [Except as provided in paragraph (3) of this subsection, a carrier  
24 that offers coverage for health care services through one or more health benefit plans  
25 or contracts with providers to offer health care services through one or more provider  
26 panels may not require a provider, as a condition of participation or continuation on a  
27 provider panel for one health benefit plan of a carrier, to serve also on a provider panel  
28 of another health benefit plan of the carrier.

29                   (3)    Subject to § 15–102.5 of the Health – General Article, a carrier that  
30 offers health care services as a managed care organization as defined under §  
31 15–101(e) of the Health – General Article, may require a provider, as a condition of

1 participation on a provider panel for one or more health benefit plans of the carrier, to  
2 serve on a provider panel of the managed care organization.

3 (4)] If a provider elects to terminate participation on the provider panel  
4 of a health benefit plan, the provider shall:

5 (i) notify the carrier at least 90 days before the date of  
6 termination; and

7 (ii) for at least 90 days after the date of the notice of  
8 termination, continue to furnish health care services to an enrollee of the carrier for  
9 whom the provider was responsible for the delivery of health care services prior to the  
10 notice of termination.

11 **15-112.2.**

12 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
13 MEANINGS INDICATED.

14 (2) "CARRIER" MEANS:

15 (I) AN INSURER;

16 (II) A NONPROFIT HEALTH SERVICE PLAN;

17 (III) A HEALTH MAINTENANCE ORGANIZATION; OR

18 (IV) A DENTAL PLAN ORGANIZATION.

19 (3) "ENROLLEE" MEANS A PERSON ENTITLED TO HEALTH CARE  
20 BENEFITS FROM A CARRIER.

21 (4) "PROVIDER" MEANS A HEALTH CARE PRACTITIONER OR  
22 GROUP OF HEALTH CARE PRACTITIONERS LICENSED, CERTIFIED, OR  
23 OTHERWISE AUTHORIZED BY LAW TO PROVIDE HEALTH CARE SERVICES.

24 (5) "PROVIDER CONTRACT" MEANS A CONTRACT:

25 (I) BETWEEN A PROVIDER AND A CARRIER, AN AFFILIATE  
26 OF A CARRIER, OR AN ENTITY THAT CONTRACTS WITH A PROVIDER TO SERVE A  
27 CARRIER; AND

1 (II) UNDER WHICH THE PROVIDER AGREES TO PROVIDE  
2 HEALTH CARE SERVICES TO ENROLLEES.

3 (B) EXCEPT AS PROVIDED IN SUBSECTIONS (C) AND (D) OF THIS  
4 SECTION, A PROVIDER CONTRACT MAY NOT CONTAIN A PROVISION THAT  
5 REQUIRES A PROVIDER, AS A CONDITION OF PARTICIPATION WITH A CARRIER,  
6 TO PARTICIPATE WITH A DIFFERENT CARRIER.

7 ~~(C) A PROVIDER CONTRACT MAY CONTAIN A PROVISION THAT~~  
8 ~~REQUIRES A PROVIDER, AS A CONDITION OF PARTICIPATION WITH A CARRIER,~~  
9 ~~TO PARTICIPATE WITH A DIFFERENT CARRIER IF THE PROVIDER CONTRACT~~  
10 ~~DOES NOT:~~

11 ~~(1) PROVIDE DIFFERENT RATES OR METHODS OF~~  
12 ~~REIMBURSEMENT FOR HEALTH CARE SERVICES PROVIDED TO ENROLLEES~~  
13 ~~COVERED BY DIFFERENT CARRIERS;~~

14 ~~(2) REQUIRE DIFFERENT ADMINISTRATIVE PROCEDURES FOR~~  
15 ~~HEALTH CARE SERVICES PROVIDED TO ENROLLEES COVERED BY DIFFERENT~~  
16 ~~CARRIERS; OR~~

17 ~~(3) REQUIRE DIFFERENT PROCEDURES FOR THE ADJUDICATION~~  
18 ~~OF CLAIMS FOR HEALTH CARE SERVICES PROVIDED TO ENROLLEES COVERED~~  
19 ~~BY DIFFERENT CARRIERS.~~

20 (C) A PROVIDER CONTRACT MAY CONTAIN A PROVISION THAT  
21 REQUIRES A PROVIDER, AS A CONDITION OF PARTICIPATION WITH A CARRIER,  
22 TO PARTICIPATE WITH A DIFFERENT CARRIER IF THE DIFFERENT CARRIER:

23 (1) DOES NOT HAVE LOWER RATES OF REIMBURSEMENT FOR  
24 HEALTH CARE SERVICES PROVIDED TO ENROLLEES; AND

25 (2) REIMBURSES THE PROVIDER FOR HEALTH CARE SERVICES  
26 PROVIDED TO ENROLLEES ON THE SAME BASIS, EITHER FEE-FOR-SERVICE OR  
27 CAPITATED, AS THE CARRIER.

28 (D) SUBJECT TO § 15-102.5 OF THE HEALTH - GENERAL ARTICLE, A  
29 CARRIER THAT OFFERS HEALTH CARE SERVICES AS A MANAGED CARE  
30 ORGANIZATION, AS DEFINED UNDER § 15-101 OF THE HEALTH - GENERAL

1 **ARTICLE, MAY REQUIRE A PROVIDER, AS A CONDITION OF PARTICIPATION WITH**  
2 **THE CARRIER, TO PARTICIPATE WITH THE MANAGED CARE ORGANIZATION.**

3 **(E) A CARRIER IS RESPONSIBLE FOR A VIOLATION OF ANY PROVISION**  
4 **OF THIS SECTION REGARDLESS OF WHETHER THE CARRIER HAS**  
5 **SUBCONTRACTED WITH AN AFFILIATE OR ENTITY THAT CONTRACTS WITH A**  
6 **PROVIDER.**

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.