

# SENATE BILL 852

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SB 448/06 – FIN

9lr2808

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By: **Senator Garagiola**

Introduced and read first time: February 6, 2009

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 31, 2009

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

1 AN ACT concerning

2 **Health Insurance – Assignment of Benefits – Notice and Report**

3 FOR the purpose of ~~prohibiting a carrier from prohibiting the assignment of benefits~~  
4 ~~to a health care provider by an insured, subscriber, or enrollee; prohibiting a~~  
5 ~~carrier from refusing to directly reimburse a health care provider under an~~  
6 ~~assignment of benefits~~ requiring a carrier to notify an insured, subscriber, or  
7 enrollee at certain times about the policy of the carrier regarding the  
8 assignment of benefits to a health care provider; requiring the notice to include  
9 certain information; requiring the Joint Committee on Health Care Delivery  
10 and Financing to conduct a certain study and report on its findings to the  
11 General Assembly on or before a certain date; providing for the effective dates of  
12 this Act; providing for a delayed effective date for certain provisions of this Act;  
13 providing for the application of certain provisions of this Act; defining certain  
14 terms; and generally relating to the assignment of benefits under health  
15 insurance.

16 BY adding to

17 Article – Health – General

18 Section 19–706(ttt)

19 Annotated Code of Maryland

20 (2005 Replacement Volume and 2008 Supplement)

21 BY adding to

22 Article – Insurance

23 Section 15–132

24 Annotated Code of Maryland

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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 (2006 Replacement Volume and 2008 Supplement)

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

4 **Article - Health - General**

5 19-706.

6 (TTT) THE PROVISIONS OF § 15-132 OF THE INSURANCE ARTICLE APPLY  
7 TO HEALTH MAINTENANCE ORGANIZATIONS.

8 **Article - Insurance**

9 **15-132.**

10 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
11 MEANINGS INDICATED.

12 (2) "ASSIGNMENT OF BENEFITS" MEANS THE TRANSFER OF  
13 HEALTH CARE COVERAGE REIMBURSEMENT BENEFITS OR OTHER RIGHTS  
14 UNDER A HEALTH BENEFIT PLAN BY AN INSURED, SUBSCRIBER, OR ENROLLEE  
15 TO A HEALTH CARE PROVIDER.

16 (3) (I) "CARRIER" MEANS:

17 1. AN INSURER THAT PROVIDES BENEFITS ON AN  
18 EXPENSE-INCURRED BASIS;

19 2. A NONPROFIT HEALTH SERVICE PLAN;

20 3. A HEALTH MAINTENANCE ORGANIZATION;

21 4. A DENTAL PLAN ORGANIZATION;

22 5. ANY PERSON OR ENTITY ACTING AS A THIRD  
23 PARTY ADMINISTRATOR; OR

24 6. ANY OTHER PERSON THAT PROVIDES HEALTH  
25 BENEFIT PLANS THAT PROVIDE BENEFITS ON AN EXPENSE-INCURRED BASIS  
26 AND ARE SUBJECT TO REGULATION BY THE STATE.

27 (II) "CARRIER" INCLUDES AN ENTITY THAT ARRANGES A  
28 PROVIDER PANEL FOR A CARRIER.

1 (4) "HEALTH BENEFIT PLAN" HAS THE MEANING STATED IN §  
2 15-1201 OF THIS TITLE.

3 (5) "HEALTH CARE PROVIDER" MEANS A PERSON LICENSED,  
4 CERTIFIED, OR OTHERWISE AUTHORIZED UNDER THE HEALTH OCCUPATIONS  
5 ARTICLE OR THE HEALTH - GENERAL ARTICLE TO PROVIDE HEALTH CARE  
6 SERVICES.

7 ~~(B) A CARRIER MAY NOT:~~

8 ~~(1) PROHIBIT THE ASSIGNMENT OF BENEFITS TO A HEALTH CARE~~  
9 ~~PROVIDER BY AN INSURED, SUBSCRIBER, OR ENROLLEE; OR~~

10 ~~(2) REFUSE TO DIRECTLY REIMBURSE A HEALTH CARE PROVIDER~~  
11 ~~UNDER A VALID ASSIGNMENT OF BENEFITS.~~

12 (B) (1) (I) A CARRIER SHALL NOTIFY ITS INSUREDS,  
13 SUBSCRIBERS, OR ENROLLEES ABOUT THE POLICY OF THE CARRIER  
14 REGARDING THE HONORING OF AN ASSIGNMENT OF BENEFITS TO A HEALTH  
15 CARE PROVIDER BY AN INSURED, A SUBSCRIBER, OR AN ENROLLEE.

16 (II) THE NOTIFICATION REQUIRED UNDER THIS SECTION  
17 SHALL INCLUDE INFORMATION ABOUT THE RESPONSIBILITY OF THE INSURED,  
18 SUBSCRIBER, OR ENROLLEE REGARDING PAYMENT TO A NONPARTICIPATING  
19 PROVIDER IN THE EVENT THAT THE CARRIER DOES NOT HONOR AN  
20 ASSIGNMENT OF BENEFITS TO A HEALTH CARE PROVIDER.

21 (2) A CARRIER SHALL PROVIDE THE NOTIFICATION REQUIRED  
22 UNDER THIS SECTION IN WRITING TO THE INSURED, SUBSCRIBER, OR  
23 ENROLLEE:

24 (I) ON INITIAL ENROLLMENT OF THE INSURED,  
25 SUBSCRIBER, OR ENROLLEE IN A HEALTH BENEFIT PLAN ISSUED BY THE  
26 CARRIER; AND

27 (II) ON RENEWAL OF ENROLLMENT OF THE INSURED,  
28 SUBSCRIBER, OR ENROLLEE IN THE HEALTH BENEFIT PLAN.

29 SECTION 2. AND BE IT FURTHER ENACTED, That:

30 (a) The Joint Committee on Health Care Delivery and Financing shall study  
31 the benefits, costs, and other policy issues associated with enacting legislation to  
32 prohibit health insurance carriers from refusing to accept a patient's assignment of  
33 benefits to a health care provider, including:

1           (1) the impact on consumers of enacting legislation prohibiting health  
2 insurance carriers from refusing to accept a patient's assignment of benefits;

3           (2) the experience of other states that have enacted legislation  
4 prohibiting health insurance carriers from refusing to accept a patient's assignment of  
5 benefits;

6           (3) costs incurred by health care providers when a health insurance  
7 carrier refuses to accept a patient's assignment of benefits;

8           (4) mechanisms to ensure that health insurance carriers have an  
9 adequate number of hospital-based providers in their networks;

10          (5) the impact of enacting legislation prohibiting health insurance  
11 carriers from refusing to accept a patient's assignment of benefits on the ability of  
12 carriers to maintain adequate networks of health care providers; and

13          (6) any other issues relating to the assignment of benefits that the  
14 Committee determines is appropriate.

15          (b) The Committee, in conducting the study required under this section, shall  
16 consult with the Maryland Insurance Administration, the Office of the Attorney  
17 General, health care providers, provider practice management companies, and health  
18 insurance carriers.

19          (c) On or before December 1, 2009, the Committee shall submit a report on  
20 its findings under this section to the General Assembly, in accordance with § 2-1246 of  
21 the State Government Article.

22          SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall  
23 take effect January 1, 2010, and shall apply to policies, contracts, and health benefit  
24 plans issued, delivered, or renewed in the State on or after January 1, 2010.

25          SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That, except as provided in  
26 Section 3 of this Act, this Act shall take effect ~~October~~ June 1, 2009.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.