

# SENATE BILL 722

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CF HB 736

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By: ~~Senator Rosapepe~~ Senators Rosapepe, Astle, Garagiola, Glassman, Kelley, Kittleman, Klausmeier, Middleton, and Pugh

Introduced and read first time: February 4, 2011

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 21, 2011

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

1 AN ACT concerning

2 **Electronic Health Records – Incentives for Health Care Providers –**  
3 **Regulations**

4 FOR the purpose of ~~exempting a certain group model health maintenance organization~~  
5 ~~from the definition of “carrier” for purposes of certain regulations relating to~~  
6 ~~electronic health records; requiring certain regulations relating to electronic~~  
7 ~~health records to require incentives for the adoption and use of electronic health~~  
8 ~~records for each of certain types of health care providers; requiring certain~~  
9 ~~regulations to permit certain health care providers to specify to a~~  
10 ~~State-regulated payor the form of incentive the health care provider will~~  
11 ~~receive; requiring certain regulations to include an option for the health care~~  
12 ~~provider to specify that the incentive shall be limited to a certain monetary~~  
13 ~~payment~~ requiring certain incentives for the adoption and use of electronic  
14 health records to be paid in cash, unless a certain payor and health care  
15 provider agree on an incentive of equivalent value; prohibiting certain  
16 regulations from requiring a group model health maintenance organization from  
17 providing a certain incentive to a certain health care provider; requiring the  
18 Maryland Health Care Commission to conduct a certain study and report on its  
19 findings to certain committees of the General Assembly on or before a certain  
20 date; and generally relating to electronic health records.

21 BY repealing and reenacting, without amendments,

22 Article – Health – General

23 Section 19–142(a), (b), (c), (d), (e), and (h)

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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.



Annotated Code of Maryland  
(2009 Replacement Volume and 2010 Supplement)

BY repealing and reenacting, with amendments,  
Article – Health – General  
Section ~~19-142(b)~~ and 19-143(d)  
Annotated Code of Maryland  
(2009 Replacement Volume and 2010 Supplement)

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

**Article – Health – General**

19-142.

(a) In this Part IV of this subtitle the following words have the meanings indicated.

(b) “Carrier” means:

(1) An insurer;

(2) A nonprofit health service plan;

(3) A health maintenance organization, ~~OTHER THAN A GROUP  
MODEL HEALTH MAINTENANCE ORGANIZATION AS DEFINED IN § 19-713.6 OF  
THIS TITLE~~; or

(4) Any other person that provides health benefit plans subject to regulation by the State.

(c) “Electronic health record” means an electronic record of health-related information on an individual that:

(1) Includes patient demographic and clinical health information; and

(2) Has the capacity to:

(i) Provide clinical decision support;

(ii) Support physician order entry;

(iii) Capture and query information relevant to health care quality; and

(iv) Exchange electronic health information with and integrate the information from other sources.

(d) (1) “Health benefit plan” means a hospital or medical policy, contract, or certificate issued by a carrier.

(2) “Health benefit plan” does not include:

(i) Coverage for accident or disability income insurance;

(ii) Coverage issued as a supplement to liability insurance;

(iii) Liability insurance, including general liability insurance and automobile liability insurance;

(iv) Workers’ compensation or similar insurance;

(v) Automobile or property medical payment insurance;

(vi) Credit-only insurance;

(vii) Coverage for on-site medical clinics;

(viii) Dental or vision insurance;

(ix) Long-term care insurance or benefits for nursing home care, home health care, community-based care, or any combination of these;

(x) Coverage only for a specified disease or illness;

(xi) Hospital indemnity or other fixed indemnity insurance; or

(xii) The following benefits if offered as a separate insurance policy:

1. Medicare supplemental health insurance, as defined in § 1882(g)(1) of the Social Security Act;

2. Coverage supplemental to the coverage provided under Chapter 55 of Title 10, U.S.C.; or

3. Similar supplemental coverage provided to coverage under an employer-sponsored plan.

(e) (1) “Health care provider” means:

(i) A person who is licensed, certified, or otherwise authorized under the Health Occupations Article to provide health care in the ordinary course of business or practice of a profession or in an approved education or training program; or

(ii) A facility where health care is provided to patients or recipients, including:

1. A facility, as defined in § 10–101(e) of this article;
2. A hospital, as defined in § 19–301 of this title;
3. A related institution, as defined in § 19–301 of this title;
4. An outpatient clinic;
5. A freestanding medical facility, as defined in § 19–3A–01 of this title;
6. An ambulatory surgical facility, as defined in § 19–3B–01 of this title; and
7. A nursing home, as defined in § 19–1401 of this title.

(2) “Health care provider” does not include a health maintenance organization as defined in § 19–701 of this title.

(h) (1) “State–regulated payor” means:

(i) The State Employee and Retiree Health and Welfare Benefits Program; and

(ii) A carrier issuing or delivering health benefit plans in the State.

(2) “State–regulated payor” does not include a managed care organization as defined in Title 15, Subtitle 1 of this article. 19–143.

(d) (1) On or before September 1, 2011, the Commission, in consultation with the Department, payors, and health care providers, shall adopt regulations that require State–regulated payors to provide incentives to health care providers to promote the adoption and meaningful use of electronic health records.

(2) Incentives required under the regulations:

- 1 (i) Shall have monetary value;
- 2 (ii) Shall facilitate the use of electronic health records by health  
3 care providers in the State;
- 4 (iii) To the extent feasible, shall recognize and be consistent with  
5 existing payor incentives that promote the adoption and meaningful use of electronic  
6 health records;
- 7 (iv) Shall take into account:
- 8 1. Incentives provided to health care providers under  
9 Medicare and Medicaid; and
- 10 2. Any grants or loans that are available to health care  
11 providers from the federal government; ~~and~~
- 12 (v) May include:
- 13 1. Increased reimbursement for specific services;
- 14 2. Lump sum payments;
- 15 3. Gain-sharing arrangements;
- 16 4. Rewards for quality and efficiency;
- 17 5. In-kind payments; and
- 18 6. Other items or services to which a specific monetary  
19 value can be assigned; AND

20 (VI) SHALL BE PAID IN CASH, UNLESS THE  
21 STATE-REGULATED PAYOR AND THE HEALTH CARE PROVIDER AGREE ON AN  
22 INCENTIVE OF EQUIVALENT VALUE.

- 23 (3) The regulations ~~need not~~ ~~SHALL~~
- 24 ~~(H)~~ require incentives for the adoption and meaningful use of  
25 electronic health records, for each type of health care provider listed in § 19-142(e) of  
26 this subtitle;
- 27 ~~(H) PERMIT THE HEALTH CARE PROVIDER TO SPECIFY TO A~~  
28 ~~STATE-REGULATED PAYOR THE FORM OF INCENTIVE THE HEALTH CARE~~  
29 ~~PROVIDER WILL RECEIVE; AND~~

~~(HH) INCLUDE AN OPTION FOR THE HEALTH CARE PROVIDER  
TO SPECIFY THAT THE INCENTIVE SHALL BE LIMITED SOLELY TO A DIRECT  
MONETARY PAYMENT.~~

(4) If federal law is amended to allow the State to regulate payments made by entities that self-insure their health benefit plans, regulations adopted under this section shall apply to those entities to the same extent to which they apply to State-regulated payors.

(5) REGULATIONS ADOPTED UNDER THIS SUBSECTION MAY NOT REQUIRE A GROUP MODEL HEALTH MAINTENANCE ORGANIZATION, AS DEFINED IN § 19-713.6 OF THIS TITLE, TO PROVIDE AN INCENTIVE TO A HEALTH CARE PROVIDER WHO IS EMPLOYED BY THE MULTISPECIALTY GROUP OF PHYSICIANS UNDER CONTRACT WITH THE GROUP MODEL HEALTH MAINTENANCE ORGANIZATION.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) The Maryland Health Care Commission, in consultation with the Department of Health and Mental Hygiene, payors, and health care providers, shall study whether the scope of health care providers that may receive incentives for the adoption and use of electronic health records from State-regulated payors should be expanded beyond primary care providers.

(b) On or before January 1, 2013, the Maryland Health Care Commission shall report on its findings under subsection (a) of this section to the Senate Finance Committee and the House Health and Government Operations Committee, in accordance with § 2-1246 of the State Government Article.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2011.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.