

Robert L. Ehrlich, Jr.  
Governor

**Senate Bill No. 707**

AN ACT concerning

**Medicaid Quality Improvement Act of 2005**

**Managed Care Organizations Adjustment to Capitation Payments —  
Quality Improvement Incentive**

**Maryland Medical Assistance Program – Medical Loss Ratio and Quality of  
Care**

FOR the purpose of ~~authorizing the Secretary of Health and Mental Hygiene, in consultation with the Maryland Insurance Commissioner, to adjust capitation payments for a managed care organization based on a certain loss ratio of the managed care organization; authorizing a managed care organization or a certified health maintenance organization to appeal a certain decision of the Secretary of Health and Mental Hygiene under certain circumstances; authorizing a managed care organization to take a certain appeal under the Administrative Procedure Act under certain circumstances; requiring the Secretary to adopt certain regulations prior to making a certain adjustment to capitation payments; establishing requiring the Secretary, in consultation with the Maryland Insurance Commissioner, to adopt regulations that establish a certain definition and certain procedures, standards, and limits data collection and reporting requirements for the adjustment of capitation payments; authorizing the Secretary, in consultation with the Commissioner, to adjust capitation payments based on a certain quality performance initiative adopted by the Secretary; establishing certain standards and procedures relating to the quality performance initiative; requiring the Secretary to adopt certain regulations on or before a certain date; providing that this Act may not be implemented until the Secretary adopts certain regulations; authorizing the Secretary to modify, enhance, or replace the Value Based Purchasing Initiative in effect on a certain date, subject to certain conditions; and generally relating to adjustments to capitation payments to managed care organizations and quality of care~~ *the Maryland Medical Assistance Program, medical loss ratio, and quality of care.*

BY repealing and reenacting, with amendments,  
Article – Insurance  
Section 15-605(c)  
Annotated Code of Maryland  
(2002 Replacement Volume and 2004 Supplement)

BY adding to  
Article ~~Insurance~~  
Section 15-605.1