

## Section 19-706.1

Annotated Code of Maryland

(1990 Replacement Volume and 1994 Supplement)

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

**Article - Health - General**

## 19-706.1.

(a) Subject to this section, the provisions of Article 48A, Subtitle 10 of the Code regarding the rehabilitation and liquidation of insurers is applicable to health maintenance organizations.

(b) (1) Subject to paragraph (2) of this subsection, any rehabilitation or liquidation of a health maintenance organization shall be deemed to be the rehabilitation or liquidation of an insurer and shall be conducted under the supervision of the Commissioner under the law governing the rehabilitation or liquidation of insurers.

(2) The provisions of Article 48A, §§ 162, 162A, 163, and 164 of the Code do not apply to the rehabilitation or liquidation of a health maintenance organization.

(c) The Commissioner may apply for an order directing the Commissioner to rehabilitate or liquidate a health maintenance organization:

(1) Upon any one or more grounds set out in Article 48A, Subtitle 10 of the Code; or

(2) When in the Commissioner's opinion the continued operation of the health maintenance organization would be hazardous either to its members or to the people of this State.

(d) (1) In addition to the Commissioner's authority under Article 48A, Subtitle 10 of the Code, the Commissioner as a rehabilitator of a health maintenance organization may, subject to approval by a court:

(i) Change premium rates and other terms of an individual or group contract;

(ii) Terminate or change the terms of:

1. Provider contracts; or

2. Contracts with participating entities for the provision of administrative, financial, or management services; and

(iii) Negotiate and, if the assuming health maintenance organization agrees:

1. Transfer the coverage obligations of the impaired health maintenance organization to an assuming health maintenance organization; and