

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2000.

Approved May 11, 2000.

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CHAPTER 323

(House Bill 5)

AN ACT concerning

**Health Maintenance Organizations - Responsibility for and Regulation of Downstream Risk Assumption Contracts—Member and Provider Protection**

FOR the purpose of requiring health maintenance organizations and certain other entities that enter into administrative service provider contracts ~~and downstream risk assumption contracts~~ to meet certain requirements; clarifying the responsibility of certain health maintenance organizations for certain claims and payments for health care services under an administrative service provider contract; specifying that certain requirements concerning administrative service provider contracts ~~and downstream risk assumption contracts~~ apply to managed care organizations under the Maryland Medical Assistance Program; *requiring the Insurance Commissioner to consult with the Secretary of Health and Mental Hygiene before taking certain action*; ~~authorizing the Maryland Insurance Commissioner to impose a certain additional penalty on a health maintenance organization~~; making the provisions of this Act applicable to certain provider sponsored organizations under certain circumstances; specifying that certain provisions of law apply to a licensed health services contractor and officers, directors, and trustees of a licensed health services contractor; requiring the Commissioner, in consultation with the Secretary of Health and Mental Hygiene, to adopt certain regulations for a certain methodology; *specifying that certain provisions of law apply to a certain contract*; *providing for a certain exemption*; ~~prohibiting a health maintenance organization from entering into a downstream risk assumption contract with a person unless the person is a licensed health services contractor~~; ~~prohibiting a licensed health services contractor from entering into a downstream risk assumption contract with another licensed health services contractor under certain circumstances~~; specifying the application content and requirements for an applicant for licensure as a health services contractor; specifying certain additional information to be submitted to the Commissioner by an applicant for licensure as a health services contractor; requiring an applicant for licensure as a health services contractor to satisfy the Commissioner that the applicant has a certain capacity and will meet certain requirements; requiring the Commissioner to establish and adopt by regulation certain minimum capital and surplus requirements for licensed health services contractors, certain requirements for an insolvency plan, and certain requirements for the creation of a segregated fund or availability of certain resources; ~~authorizing the Commissioner to require that a health maintenance organization and a licensed health services~~