

The Honorable Thomas V. Mike Miller, Jr.
 President of the Senate
 State House
 Annapolis MD 21401

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 497 – Health Insurance – Administrative Service Provider Contract Law – Clarification and Modification.

This bill provides that a Medicaid managed care organization or health maintenance organization (carrier) that enters into an administrative service provider contract is financially and administratively responsible for all claims or payments for health care services. These responsibilities are not limited by the value of the assets of a segregated fund established under an administrative service provider contract. In addition, a carrier is responsible for claims even if the contracting provider is insolvent or if any contract provision attempts to limit the carrier's responsibility.

House Bill 5, which was passed by the General Assembly and signed by me on May 11, 2000, accomplishes the same purpose. Therefore, it is not necessary for me to sign Senate Bill 497.

Sincerely,
 Parris N. Glendening
 Governor

Senate Bill No. 497

AN ACT concerning

~~Health Insurance – Administrative Service Provider Contract Law – Clarification and Modification~~ *Maintenance Organizations - Responsibility for and Regulation of Downstream Risk*

FOR the purpose of ~~clarifying that a health maintenance organization is responsible for certain obligations under an administrative service provider contract under certain circumstances; clarifying that certain responsibilities of a health maintenance organization are not subject to certain limitations and exist irrespective of certain conditions; requiring a health maintenance organization to create a segregated fund for certain purposes under certain circumstances; requiring a health maintenance organization to audit and inspect certain books, records, and operations of a contracting provider under certain circumstances; requiring a health maintenance organization to include certain information in a certain annual report; prohibiting the consideration of a certain segregated fund as an asset or account of a contracting provider under certain circumstances; applying to managed care organizations certain provisions of law that relate to health maintenance organizations; requiring the Maryland Insurance Administration to make a certain report to the Governor and to the General Assembly in a certain manner by a certain date; making this Act an emergency measure; and generally relating to the clarification and modification~~ *requiring*