

WHEREAS, On May 22, 2003, CareFirst filed suit against the State of Maryland in the U.S. District Court for the District of Maryland challenging the constitutionality of the Act; and

WHEREAS, The State of Maryland filed suit against the Association and CareFirst challenging the Association's termination of CareFirst's use of the Blue Marks; and

WHEREAS, The State, the Association, and CareFirst sought to resolve the issues concerning CareFirst's right to use the Blue Marks to ensure CareFirst subscribers uninterrupted access to Blue Cross and Blue Shield branded products and services while also protecting the public interest; and

WHEREAS, On June 6, 2003, the U.S. District Court for the District of Maryland issued an Order and Consent Judgment (the "Order") resolving the issues among the State, the Association, and CareFirst; and

WHEREAS, The Order altered certain provisions of the Act relating to the authority of the Maryland Insurance Commissioner over compensation guidelines for officers and executives of nonprofit health service plans; and

WHEREAS, It is desirable to conform the statute to the Order; now, therefore,

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

#### Article - Insurance

14-139.

(d) (1) The compensation committee of the board shall:

(i) identify nonprofit health service plans in the United States that are similar in size and scope to the nonprofit health service plan managed by the board; and

(ii) develop proposed guidelines, for approval by the board, for compensation, including salary, bonuses, and perquisites, of all officers and executives that is reasonable in comparison to compensation for officers and executives of similar nonprofit health service plans.

(2) [On or before June 1, 2004, the board shall submit the proposed guidelines developed under paragraph (1)(ii) of this subsection to the Commissioner for review and approval.

(3) (i) The Commissioner shall review the proposed guidelines and, within 60 days, approve or disapprove the proposed guidelines.

(ii) Failure of the Commissioner to act on the proposed guidelines within 60 days shall constitute approval.