

# SENATE BILL 834

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By: **Senators Beidle and Kelley**  
Introduced and read first time: February 7, 2022  
Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Two-Sided Incentive Arrangements and Capitated**  
3 **Payments – Authorization**

4 FOR the purpose of providing that value-based arrangements established under certain  
5 provisions of federal law are exempt from certain provisions of State law regulating  
6 health care practitioner referrals; providing that a health care practitioner or set of  
7 health care practitioners that accepts capitated payments in a certain manner but  
8 does not perform certain other acts is not considered to be performing acts of an  
9 insurance business; authorizing certain bonus or incentive-based compensation to  
10 include a two-sided incentive arrangement through which a carrier may recoup  
11 funds paid to an eligible provider in accordance with a written contract that includes  
12 certain requirements; prohibiting a carrier from requiring participation in a carrier's  
13 bonus or incentive-based compensation or two-sided incentive arrangement  
14 program or reducing a fee schedule based on nonparticipation; and generally relating  
15 to health insurance, two-sided incentive arrangements, and capitated payments.

16 BY repealing and reenacting, with amendments,  
17 Article – Health Occupations  
18 Section 1-302(d)(12)  
19 Annotated Code of Maryland  
20 (2021 Replacement Volume)

21 BY repealing and reenacting, with amendments,  
22 Article – Insurance  
23 Section 4-205(a), 15-113, and 15-1008(b)  
24 Annotated Code of Maryland  
25 (2017 Replacement Volume and 2021 Supplement)

26 BY repealing and reenacting, without amendments,  
27 Article – Insurance  
28 Section 4-205(b) and (c) and 15-1008(c)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland  
2 (2017 Replacement Volume and 2021 Supplement)

3 BY adding to  
4 Article – Insurance  
5 Section 15–2101 and 15–2102 to be under the new subtitle “Subtitle 21. Capitated  
6 Payments”  
7 Annotated Code of Maryland  
8 (2017 Replacement Volume and 2021 Supplement)

9 Preamble

10 WHEREAS, Value–based care is a health care practitioner payment structure that  
11 ties practitioner revenue to improved health outcomes and the value of services delivered  
12 rather than the volume of services provided; and

13 WHEREAS, Value–based arrangements may help to reduce disparities, expand  
14 access to care, and improve outcomes, quality, and affordability; and

15 WHEREAS, Value–based care models promote the Triple Aim framework used by  
16 the Centers for Medicare and Medicaid Services to optimize health care systems through  
17 better care and experience for individuals, better health for populations, and lower per  
18 capita costs with demonstrated improvements in quality, cost–savings, and better  
19 management of chronic illnesses; and

20 WHEREAS, Value–based care models continue to show promising results and  
21 expand throughout the rest of the country and in Medicare and Medicaid, with broad  
22 support from both public and private stakeholders; and

23 WHEREAS, Hospitals, health care practitioners, and payers should be allowed to  
24 voluntarily participate in patient–focused, outcome–driven, value–based reimbursement  
25 arrangements in Maryland’s commercial insurance markets that seek to align with  
26 value–based programs under Maryland’s Total Cost of Care model and ensure that  
27 practitioners have adequate contract protections and that consumers continue to have  
28 access to high–quality care that promotes better health outcomes; and

29 WHEREAS, Maryland has unique statutory barriers precluding commercial payers  
30 from entering into certain value–based care arrangements outside of Maryland’s Total Cost  
31 of Care model compared to other states in the nation; and

32 WHEREAS, In Maryland, changes are needed to the health care practitioner bonus  
33 and other compensation provisions applicable to the commercial market to allow  
34 practitioners to enter into both two–sided incentive and capitation arrangements with  
35 commercial plans as they do in other states and the Medicare and Medicaid segments; now,  
36 therefore,

37 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

1 That the Laws of Maryland read as follows:

2 **Article – Health Occupations**

3 1–302.

4 (d) The provisions of this section do not apply to:

5 (12) Subject to subsection (f) of this section, a health care practitioner who  
6 has a compensation arrangement with a health care entity, if the compensation  
7 arrangement is funded by or paid under:

8 (i) A Medicare shared savings program accountable care  
9 organization authorized under 42 U.S.C. § 1395jjj;

10 (ii) As authorized under 42 U.S.C. § 1315a:

11 1. An advance payment accountable care organization  
12 model;

13 2. A pioneer accountable care organization model; or

14 3. A next generation accountable care organization model;

15 (iii) An alternative payment model approved by the federal Centers  
16 for Medicare and Medicaid Services; [or]

17 (iv) Another model approved by the federal Centers for Medicare and  
18 Medicaid Services that may be applied to health care services provided to both Medicare  
19 beneficiaries and individuals who are not Medicare beneficiaries; **OR**

20 **(v) A VALUE-BASED ARRANGEMENT THAT MEETS THE**  
21 **REQUIREMENTS OF 42 C.F.R. § 411.357(AA)(1) THROUGH (3).**

22 **Article – Insurance**

23 4–205.

24 (a) This section does not apply to:

25 (1) the lawful transaction of surplus lines insurance;

26 (2) the lawful transaction of reinsurance by insurers;

27 (3) transactions in the State that involve, and are subsequent to the  
28 issuance of, a policy that was lawfully solicited, written, and delivered outside of the State  
29 covering only a subject of insurance not resident, located, or expressly to be performed in

1 the State at the time of issuance of the policy;

2 (4) transactions that involve insurance contracts that are independently  
3 procured through negotiations occurring entirely outside of the State and that are reported  
4 and on which the premium tax is paid in accordance with §§ 4–210 and 4–211 of this  
5 subtitle;

6 (5) an attorney while acting in the ordinary relation of attorney and client  
7 in the adjustment of claims or losses; [or]

8 (6) unless otherwise determined by the Commissioner, transactions in the  
9 State that involve group or blanket insurance or group annuities if the master policy of the  
10 group was lawfully issued and delivered in another state in which the person was  
11 authorized to engage in insurance business; **OR**

12 **(7) A HEALTH CARE PRACTITIONER OR SET OF HEALTH CARE**  
13 **PRACTITIONERS, AS DEFINED IN § 15–113 OF THIS ARTICLE, THAT ACCEPTS**  
14 **CAPITATED PAYMENTS IN ACCORDANCE WITH § 15–2102 OF THIS ARTICLE, BUT**  
15 **PERFORMS NO OTHER ACTS CONSIDERED ACTS OF AN INSURANCE BUSINESS.**

16 (b) An insurer or other person may not, directly or indirectly, do any of the acts  
17 of an insurance business set forth in subsection (c) of this section, except as provided by  
18 and in accordance with the specific authorization of statute.

19 (c) Any of the following acts in the State, effected by mail or otherwise, is  
20 considered to be doing an insurance business in the State:

21 (1) making or proposing to make, as an insurer, an insurance contract;

22 (2) making or proposing to make, as guarantor or surety insurer, a contract  
23 of guaranty or suretyship as a vocation and not merely incidental to another legitimate  
24 business or activity of the guarantor or surety insurer;

25 (3) taking or receiving an application for insurance;

26 (4) receiving or collecting premiums, commissions, membership fees,  
27 assessments, dues, or other consideration for insurance;

28 (5) issuing or delivering an insurance contract to a resident of the State or  
29 a person authorized to do business in the State;

30 (6) except as provided in subsection (d) of this section, with respect to a  
31 subject of insurance resident, located, or to be performed in the State, directly or indirectly  
32 acting as an insurance producer for, or otherwise representing or helping on behalf of  
33 another, an insurer or other person to:

- 1 (i) solicit, negotiate, procure, or effect insurance or the renewal of  
2 insurance;
- 3 (ii) disseminate information about coverage or rates;
- 4 (iii) forward an application;
- 5 (iv) deliver a policy or insurance contract;
- 6 (v) inspect risks;
- 7 (vi) fix rates;
- 8 (vii) investigate or adjust claims or losses;
- 9 (viii) transact matters arising out of an insurance contract after the  
10 insurance contract becomes effective; or
- 11 (ix) in any other manner represent or help an insurer or other person  
12 to transact insurance business;
- 13 (7) doing any kind of insurance business specifically recognized as doing  
14 an insurance business under statutes relating to insurance;
- 15 (8) doing or proposing to do any insurance business that is substantially  
16 equivalent to any act listed in this subsection in a manner designed to evade the statutes  
17 relating to insurance; or
- 18 (9) as an insurer transacting any other business in the State.

19 15–113.

20 (a) (1) In this section the following words have the meanings indicated.

21 (2) “Carrier” means:

- 22 (i) an insurer;
- 23 (ii) a nonprofit health service plan;
- 24 (iii) a health maintenance organization;
- 25 (iv) a dental plan organization; or
- 26 (v) any other person that provides health benefit plans subject to  
27 regulation by the State.

1           **(3) “ELIGIBLE PROVIDER” MEANS:**

2                   **(I) A LICENSED PHYSICIAN, AS DEFINED IN § 14-101 OF THE**  
3 **HEALTH OCCUPATIONS ARTICLE, WHO VOLUNTARILY PARTICIPATES IN A**  
4 **TWO-SIDED INCENTIVE ARRANGEMENT; OR**

5                   **(II) A SET OF HEALTH CARE PRACTITIONERS THAT**  
6 **VOLUNTARILY PARTICIPATE IN A TWO-SIDED INCENTIVE ARRANGEMENT.**

7           **[(3)] (4) “Health care practitioner” means an individual who is licensed,**  
8 **certified, or otherwise authorized under the Health Occupations Article to provide health**  
9 **care services.**

10           **(5) “SET OF HEALTH CARE PRACTITIONERS” MEANS:**

11                   **(I) A GROUP PRACTICE;**

12                   **(II) A CLINICALLY INTEGRATED ORGANIZATION ESTABLISHED**  
13 **IN ACCORDANCE WITH SUBTITLE 19 OF THIS TITLE;**

14                   **(III) AN ACCOUNTABLE CARE ORGANIZATION ESTABLISHED IN**  
15 **ACCORDANCE WITH 42 U.S.C. § 1395JJJ AND ANY APPLICABLE FEDERAL**  
16 **REGULATIONS; OR**

17                   **(IV) A CLINICALLY INTEGRATED NETWORK THAT IS A PROVIDER**  
18 **ENTITY THAT MEETS THE CRITERIA ESTABLISHED IN GUIDANCE ISSUED BY THE**  
19 **FEDERAL TRADE COMMISSION.**

20           **(6) “TWO-SIDED INCENTIVE ARRANGEMENT” MEANS AN**  
21 **ARRANGEMENT BETWEEN AN ELIGIBLE PROVIDER AND A CARRIER IN WHICH THE**  
22 **ELIGIBLE PROVIDER MAY EARN AN INCENTIVE AND A CARRIER MAY RECOUP FUNDS**  
23 **FROM THE ELIGIBLE PROVIDER IN ACCORDANCE WITH THE TERMS OF A CONTRACT**  
24 **ENTERED INTO WITH THE ELIGIBLE PROVIDER THAT MEETS THE REQUIREMENTS OF**  
25 **THIS SECTION.**

26           (b) A carrier may not reimburse a health care practitioner in an amount less than  
27 the sum or rate negotiated in the carrier’s provider contract with the health care  
28 practitioner.

29           (c) (1) [In this subsection, “set of health care practitioners” means:

30                   (i) a group practice;

31                   (ii) a clinically integrated organization established in accordance

1 with Subtitle 19 of this title; or

2 (iii) an accountable care organization established in accordance with  
3 42 U.S.C. § 1395jjj and any applicable federal regulations.

4 (2)] This section does not prohibit a carrier from:

5 (I) providing bonuses or other incentive-based compensation to a  
6 health care practitioner or a set of health care practitioners [if the bonus or other  
7 incentive-based compensation:]; **OR**

8 (II) **ENTERING INTO A TWO-SIDED INCENTIVE ARRANGEMENT**  
9 **WITH AN ELIGIBLE PROVIDER.**

10 (2) **A BONUS OR OTHER INCENTIVE-BASED COMPENSATION**  
11 **PROGRAM OR TWO-SIDED INCENTIVE ARRANGEMENT AUTHORIZED UNDER THIS**  
12 **SECTION:**

13 (i) [does] **MAY** not create a disincentive to the provision of medically  
14 appropriate or medically necessary health care services; and

15 (ii) if the carrier is a health maintenance organization, [complies]  
16 **SHALL COMPLY** with the provisions of § 19-705.1 of the Health – General Article.

17 (3) A bonus or other incentive-based compensation **OR TWO-SIDED**  
18 **INCENTIVE ARRANGEMENT AUTHORIZED** under this [subsection] **SECTION:**

19 (i) if applicable, shall promote **HEALTH EQUITY, IMPROVEMENT**  
20 **OF HEALTH CARE OUTCOMES, AND** the provision of preventive health care services; or

21 (ii) may reward a health care practitioner [or], a set of health care  
22 practitioners, **OR AN ELIGIBLE PROVIDER**, based on satisfaction of performance  
23 measures, if the following is agreed on in writing by the carrier and the health care  
24 practitioner [or], set of health care practitioners, **OR ELIGIBLE PROVIDER:**

25 1. the performance measures, **INCLUDING THE SOURCE OF**  
26 **THE MEASURES;**

27 2. the method **AND THE TIME PERIOD** for calculating  
28 whether the performance measures have been satisfied; [and]

29 3. the method by which the health care practitioner [or], set  
30 of health care practitioners, **OR ELIGIBLE PROVIDER** may request reconsideration of the  
31 calculations by the carrier; **AND**

1                                   **4. IF APPLICABLE, THE RISK-ADJUSTMENT METHOD**  
 2 **USED.**

3                   (4) Acceptance of a bonus or other incentive-based compensation **OR**  
 4 **TWO-SIDED INCENTIVE ARRANGEMENT** under this subsection shall be voluntary.

5                   **(5) A CARRIER MAY NOT REDUCE THE FEE SCHEDULE OF A HEALTH**  
 6 **CARE PRACTITIONER, A SET OF HEALTH CARE PRACTITIONERS, OR AN ELIGIBLE**  
 7 **PROVIDER SOLELY BECAUSE THE HEALTH CARE PRACTITIONER, SET OF HEALTH**  
 8 **CARE PRACTITIONERS, OR ELIGIBLE PROVIDER DOES NOT PARTICIPATE IN THE**  
 9 **CARRIER'S BONUS OR OTHER INCENTIVE-BASED COMPENSATION OR TWO-SIDED**  
 10 **INCENTIVE ARRANGEMENT PROGRAM.**

11                   **[(5)] (6)** A carrier may not require [a health care practitioner or a set of  
 12 health care practitioners to participate in the carrier's bonus or incentive-based  
 13 compensation program] as a condition of participation in the carrier's provider network:

14                   **(I) A HEALTH CARE PRACTITIONER OR SET OF HEALTH CARE**  
 15 **PRACTITIONERS TO PARTICIPATE IN THE CARRIER'S BONUS OR OTHER**  
 16 **INCENTIVE-BASED COMPENSATION PROGRAM; OR**

17                   **(II) AN ELIGIBLE PROVIDER TO PARTICIPATE IN THE CARRIER'S**  
 18 **TWO-SIDED INCENTIVE ARRANGEMENT PROGRAM.**

19                   **[(6)] (7)** A health care practitioner, a set of health care practitioners, **AN**  
 20 **ELIGIBLE PROVIDER**, a health care practitioner's designee, [or] a designee of a set of  
 21 health care practitioners, **OR A DESIGNEE OF AN ELIGIBLE PROVIDER** may file a  
 22 complaint with the Administration regarding a violation of this subsection.

23                   (d) (1) A carrier shall provide a health care practitioner, **A SET OF HEALTH**  
 24 **CARE PRACTITIONERS, OR AN ELIGIBLE PROVIDER** with a copy of:

25                   (i) a schedule of **ALL** applicable fees [for up to] **OR** the [fifty] **50**  
 26 most common services billed by a health care practitioner in that specialty, **WHICHEVER**  
 27 **IS LESS;**

28                   (ii) a description of the coding guidelines used by the carrier that are  
 29 applicable to the services billed by a health care practitioner in that specialty; [and]

30                   (iii) the information about the practitioner and the methodology that  
 31 the carrier uses to determine whether to:

32                                   1. increase or reduce the practitioner's level of



1 reimbursement; [and]

2 2. provide a bonus or other incentive-based compensation to  
3 the practitioner; AND

4 3. RECOUP COMPENSATION FROM AN ELIGIBLE  
5 PROVIDER UNDER A TWO-SIDED INCENTIVE ARRANGEMENT; AND

6 (IV) A SUMMARY OF THE TERMS OF A TWO-SIDED INCENTIVE  
7 ARRANGEMENT PROGRAM.

8 (2) Except as provided in paragraph (4) of this subsection, a carrier shall  
9 provide the information required under paragraph (1) of this subsection in the manner  
10 indicated in each of the following instances:

11 (i) in writing [at the time of] BEFORE A contract execution;

12 (ii) in writing or electronically 30 days [prior to] BEFORE a change;  
13 and

14 (iii) in writing or electronically [upon] ON request of the health care  
15 practitioner, SET OF HEALTH CARE PRACTITIONERS, OR ELIGIBLE PROVIDER.

16 (3) Except as provided in paragraph (4) of this subsection, a carrier shall  
17 make the pharmaceutical formulary that the carrier uses available to a health care  
18 practitioner, A SET OF HEALTH CARE PRACTITIONERS, OR AN ELIGIBLE PROVIDER  
19 electronically.

20 (4) On written request of a health care practitioner, A SET OF HEALTH  
21 CARE PRACTITIONERS, OR AN ELIGIBLE PROVIDER, a carrier shall provide the  
22 information required under paragraphs (1) and (3) of this subsection in writing.

23 (5) The Administration may adopt regulations to carry out the provisions  
24 of this subsection.

25 (e) (1) A carrier that compensates health care practitioners OR A SET OF  
26 HEALTH CARE PRACTITIONERS wholly or partly on a capitated basis IN ACCORDANCE  
27 WITH § 15-2102 OF THIS ARTICLE may not retain any capitated fee attributable to an  
28 enrollee or covered person during an enrollee's or covered person's contract year.

29 (2) A carrier is in compliance with paragraph (1) of this subsection if,  
30 within 45 days after an enrollee or covered person chooses or obtains health care from a  
31 health care practitioner OR A SET OF HEALTH CARE PRACTITIONERS, the carrier pays  
32 to the health care practitioner OR SET OF HEALTH CARE PRACTITIONERS all accrued but  
33 unpaid capitated fees attributable to that enrollee or person that the health care

1 practitioner **OR SET OF HEALTH CARE PRACTITIONERS** would have received had the  
2 enrollee or person chosen the health care practitioner **OR SET OF HEALTH CARE**  
3 **PRACTITIONERS** at the beginning of the enrollee's or covered person's contract year.

4 **(3) ACCEPTANCE OF A CAPITATED PAYMENT SHALL BE VOLUNTARY.**

5 **(F) (1) UNDER A TWO-SIDED INCENTIVE ARRANGEMENT THAT COMPLIES**  
6 **WITH THE REQUIREMENTS OF THIS SECTION, A CARRIER MAY RECOUP FUNDS PAID**  
7 **TO AN ELIGIBLE PROVIDER BASED ON THE TERMS OF A WRITTEN CONTRACT**  
8 **BETWEEN THE CARRIER AND THE ELIGIBLE PROVIDER THAT AT A MINIMUM:**

9 **(I) ESTABLISH A TARGET BUDGET FOR:**

10 **1. THE TOTAL COST OF CARE OF A POPULATION OF**  
11 **PATIENTS ADJUSTED FOR RISK AND POPULATION SIZE; OR**

12 **2. THE COST OF AN EPISODE OF CARE;**

13 **(II) LIMIT RECOUPMENT TO NOT MORE THAN 50% OF THE**  
14 **EXCESS ABOVE THE MUTUALLY AGREED ON TARGET ESTABLISHED IN ACCORDANCE**  
15 **WITH ITEM (I) OF THIS PARAGRAPH;**

16 **(III) SPECIFY A MUTUALLY AGREED ON MAXIMUM LIABILITY FOR**  
17 **TOTAL RECOUPMENT THAT MAY NOT EXCEED 10% OF THE ANNUAL PAYMENTS FROM**  
18 **THE CARRIER TO THE ELIGIBLE PROVIDER;**

19 **(IV) PROVIDE AN OPPORTUNITY FOR GAINS BY AN ELIGIBLE**  
20 **PROVIDER THAT IS GREATER THAN THE OPPORTUNITY FOR RECOUPMENT BY THE**  
21 **CARRIER;**

22 **(V) FOLLOWING GOOD FAITH NEGOTIATIONS, PROVIDE AN**  
23 **OPPORTUNITY FOR AN AUDIT BY AN INDEPENDENT THIRD PARTY AND AN**  
24 **INDEPENDENT THIRD-PARTY DISPUTE RESOLUTION PROCESS;**

25 **(VI) REQUIRE THE CARRIER AND THE ELIGIBLE PROVIDER TO**  
26 **NEGOTIATE IN GOOD FAITH ADJUSTMENTS TO THE TARGET BUDGET WHEN:**

27 **1. CERTAIN CIRCUMSTANCES BEYOND THE CONTROL OF**  
28 **THE CARRIER OR THE ELIGIBLE PROVIDER ARISE, INCLUDING CHANGES IN**  
29 **HOSPITAL RATES; AND**

30 **2. MATERIAL CHANGES OCCUR IN HEALTH CARE**  
31 **ECONOMICS, HEALTH CARE DELIVERY, OR REGULATIONS THAT IMPACT THE**  
32 **ARRANGEMENT; AND**

1 (VII) REQUIRE THE CARRIER TO PAY ANY INCENTIVE TO OR  
2 REQUEST ANY RECOUPMENT FROM THE ELIGIBLE PROVIDER WITHIN 6 MONTHS  
3 AFTER THE END OF THE CONTRACT YEAR, UNLESS THE CARRIER OR ELIGIBLE  
4 PROVIDER INITIATES A DISPUTE RELATING TO THE RECOUPMENT OR INCENTIVE  
5 AMOUNT.

6 (2) UNLESS MUTUALLY AGREED TO BY AN ELIGIBLE PROVIDER AND A  
7 CARRIER, AN ARRANGEMENT ENTERED INTO UNDER THIS SUBSECTION MAY NOT  
8 PROVIDE AN OPPORTUNITY FOR RECOUPMENT BY THE CARRIER BASED ON THE  
9 ELIGIBLE PROVIDER'S PERFORMANCE DURING THE FIRST 12 MONTHS OF THE  
10 ARRANGEMENT.

11 (3) A CARRIER THAT ENTERS INTO A TWO-SIDED INCENTIVE  
12 ARRANGEMENT WITH AN ELIGIBLE PROVIDER IN WHICH THE AMOUNT OF ANY  
13 PAYMENT IS DETERMINED, IN WHOLE OR IN PART, ON THE TOTAL COST OF CARE OF  
14 A POPULATION OF PATIENTS OR AN EPISODE OF CARE, SHALL, AT LEAST  
15 QUARTERLY, DISCLOSE TO THE ELIGIBLE PROVIDER THE FOLLOWING INFORMATION  
16 IN A MANNER THAT MEETS FEDERAL AND STATE DATA USE AND PRIVACY  
17 STANDARDS:

18 (I) ANY AMOUNT PAID TO ANOTHER HEALTH CARE PROVIDER  
19 THAT IS INCLUDED IN THE TOTAL COST OF CARE OF A PATIENT IN THE POPULATION  
20 OR EPISODE OF CARE; AND

21 (II) ANY COPAYMENT, COINSURANCE, OR DEDUCTIBLE THAT IS  
22 INCLUDED IN THE TOTAL COST OF CARE OF A PATIENT IN THE POPULATION OR  
23 EPISODE OF CARE.

24 (4) UNLESS MUTUALLY AGREED TO BY THE CARRIER AND ELIGIBLE  
25 PROVIDER, A TWO-SIDED INCENTIVE ARRANGEMENT MAY NOT BE AMENDED  
26 DURING THE TERM OF THE CONTRACT.

27 (5) THE OPPORTUNITY FOR INDEPENDENT THIRD-PARTY DISPUTE  
28 RESOLUTION PROVIDED FOR IN PARAGRAPH (1)(V) OF THIS SUBSECTION MAY NOT  
29 BE REQUIRED TO BE EXHAUSTED BEFORE A MEMBER OR MEMBER'S  
30 REPRESENTATIVE IS ALLOWED TO FILE AN APPEAL OF A COVERAGE DECISION  
31 UNDER § 15-10D-02 OF THIS TITLE.

32 (6) NOTHING IN THIS SUBSECTION MAY BE CONSTRUED TO:

33 (I) ALTER ANY REQUIREMENT FOR A CARRIER TO PAY A  
34 HOSPITAL OR RELATED INSTITUTION THE RATE APPROVED BY THE HEALTH

1 **SERVICES COST REVIEW COMMISSION FOR HOSPITAL SERVICES; OR**

2 **(II) SUPERSEDE THE HEALTH SERVICES COST REVIEW**  
3 **COMMISSION'S JURISDICTION OR AUTHORITY OVER RATE REVIEW AND APPROVAL**  
4 **FOR HOSPITAL SERVICES.**

5 15-1008.

6 (b) This section does not apply to an adjustment to reimbursement:

7 **(1) made as part of an annual contracted reconciliation of a risk sharing**  
8 **arrangement under an administrative service provider contract; OR**

9 **(2) MADE AS PART OF A TWO-SIDED INCENTIVE ARRANGEMENT THAT**  
10 **COMPLIES WITH § 15-113 OF THIS TITLE.**

11 (c) (1) If a carrier retroactively denies reimbursement to a health care  
12 provider, the carrier:

13 (i) may only retroactively deny reimbursement for services subject  
14 to coordination of benefits with another carrier, the Maryland Medical Assistance Program,  
15 or the Medicare Program during the 18-month period after the date that the carrier paid  
16 the health care provider; and

17 (ii) except as provided in item (i) of this paragraph, may only  
18 retroactively deny reimbursement during the 6-month period after the date that the carrier  
19 paid the health care provider.

20 (2) (i) A carrier that retroactively denies reimbursement to a health  
21 care provider under paragraph (1) of this subsection shall provide the health care provider  
22 with a written statement specifying the basis for the retroactive denial.

23 (ii) If the retroactive denial of reimbursement results from  
24 coordination of benefits, the written statement shall provide the name and address of the  
25 entity acknowledging responsibility for payment of the denied claim.

26 **SUBTITLE 21. CAPITATED PAYMENTS.**

27 **15-2101.**

28 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**  
29 **INDICATED.**

30 **(B) "ADMINISTRATOR" MEANS A CARRIER ADMINISTERING A SELF-FUNDED**  
31 **GROUP HEALTH PLAN.**

1 (C) "CARRIER" HAS THE MEANING STATED IN § 15-113 OF THIS TITLE.

2 (D) "HEALTH CARE PRACTITIONER" HAS THE MEANING STATED IN § 15-113  
3 OF THIS TITLE.

4 (E) "MEMBER" HAS THE MEANING STATED IN § 15-10A-01 OF THIS TITLE.

5 (F) "NETWORK" HAS THE MEANING STATED IN § 15-112 OF THIS TITLE.

6 (G) "PARTICIPANT" MEANS AN EMPLOYEE OR AN EMPLOYEE'S DEPENDENT  
7 WHO PARTICIPATES IN A SELF-FUNDED GROUP HEALTH INSURANCE PLAN.

8 (H) "SET OF HEALTH CARE PRACTITIONERS" HAS THE MEANING STATED IN  
9 § 15-113 OF THIS TITLE.

10 15-2102.

11 (A) THIS SECTION APPLIES TO ARRANGEMENTS UNDER AN INSURED OR A  
12 SELF-FUNDED GROUP HEALTH INSURANCE PLAN IN WHICH A CAPITATED PAYMENT  
13 IS:

14 (1) CALCULATED AS A FIXED AMOUNT PER MEMBER OR PARTICIPANT  
15 ASSIGNED OR ATTRIBUTED TO THE HEALTH CARE PRACTITIONER OR SET OF HEALTH  
16 CARE PRACTITIONERS;

17 (2) TO COVER THE PROVISION OF A SET OF SERVICES DEFINED IN THE  
18 HEALTH CARE PRACTITIONER'S OR SET OF HEALTH CARE PRACTITIONERS'  
19 CONTRACT AND RENDERED BY THE HEALTH CARE PRACTITIONER OR SET OF  
20 HEALTH CARE PRACTITIONERS; AND

21 (3) PAID PERIODICALLY REGARDLESS OF UTILIZATION OF THE  
22 SERVICES BY THE MEMBERS OR PARTICIPANTS.

23 (B) SUBJECT TO THE REQUIREMENTS OF SUBSECTION (C) OF THIS SECTION,  
24 A HEALTH CARE PRACTITIONER OR SET OF HEALTH CARE PRACTITIONERS IS NOT  
25 ENGAGED IN INSURANCE BUSINESS AS DESCRIBED IN § 4-205 OF THIS ARTICLE  
26 SOLELY BECAUSE THE HEALTH CARE PRACTITIONER OR SET OF HEALTH CARE  
27 PRACTITIONERS ENTERS INTO A CONTRACT WITH A CARRIER THAT INCLUDES  
28 CAPITATED PAYMENTS FOR SERVICES PROVIDED BY THE HEALTH CARE  
29 PRACTITIONER OR SET OF HEALTH CARE PRACTITIONERS.

30 (C) A HEALTH CARE PRACTITIONER OR SET OF HEALTH CARE

1 PRACTITIONERS IS NOT ENGAGED IN INSURANCE BUSINESS AS DESCRIBED IN §  
2 4–205(C) OF THIS ARTICLE SOLELY BECAUSE THE HEALTH CARE PRACTITIONER OR  
3 SET OF HEALTH CARE PRACTITIONERS ENTERS INTO A CONTRACT WITH AN  
4 ADMINISTRATOR THAT INCLUDES CAPITATED PAYMENTS FOR SERVICES PROVIDED  
5 BY THE HEALTH CARE PRACTITIONER OR SET OF HEALTH CARE PRACTITIONERS TO  
6 MEMBERS OF A SELF–FUNDED GROUP HEALTH PLAN IF:

7 (1) THE HEALTH CARE PRACTITIONER OR SET OF HEALTH CARE  
8 PRACTITIONERS PARTICIPATES IN THE ADMINISTRATOR’S NETWORK AND ACCEPTS  
9 CAPITATED PAYMENTS;

10 (2) THE SELF–FUNDED GROUP HEALTH PLAN RETAINS THE  
11 OBLIGATION TO PROVIDE ACCESS TO COVERED HEALTH CARE BENEFITS TO  
12 PARTICIPANTS; AND

13 (3) THE CONTRACT DOES NOT INCLUDE OTHER REIMBURSEMENT  
14 ARRANGEMENTS THAT ARE CONSIDERED ACTS OF AN INSURANCE BUSINESS UNDER  
15 § 4–205(C) OF THIS ARTICLE.

16 (D) NOTWITHSTANDING SUBSECTIONS (B) AND (C) OF THIS SECTION,  
17 NOTHING IN THIS SECTION MAY BE CONSTRUED TO:

18 (1) ALTER ANY REQUIREMENT FOR A CARRIER OR SELF–FUNDED  
19 GROUP HEALTH PLAN TO PAY A HOSPITAL OR RELATED INSTITUTION THE RATE  
20 APPROVED BY THE HEALTH SERVICES COST REVIEW COMMISSION FOR HOSPITAL  
21 SERVICES; OR

22 (2) SUPERSEDE THE HEALTH SERVICES COST REVIEW  
23 COMMISSION’S JURISDICTION OR AUTHORITY OVER RATE REVIEW AND APPROVAL  
24 FOR HOSPITAL SERVICES.

25 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 31,  
26 2023, and annually thereafter until December 31, 2032, the Maryland Health Care  
27 Commission shall aggregate the following information and report it to the Senate Finance  
28 Committee and the House Health and Government Operations Committee, in accordance  
29 with § 2–1257 of the State Government Article:

30 (1) the number and type of value–based arrangements entered into in  
31 accordance with the authority established under Section 1 of this Act;

32 (2) quality outcomes of the value–based arrangements;

33 (3) the number of complaints made regarding value–based arrangements;

34 and

1                   (4)    the cost-effectiveness of the value-based arrangements.

2                   SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
3   October 1, 2022.