

tion for which a grant, contract, loan, or loan guarantee was made under this subchapter or which is a qualified health maintenance organization for purposes of section 300e-9 of this title (relating to employees' health benefits plans), from soliciting members through advertising its services, charges, or other nonprofessional aspects of its operation. This subsection does not authorize any advertising which identifies, refers to, or makes any qualitative judgement concerning, any health professional who provides services for a health maintenance organization.

**(c) Digest of State laws, regulations, and practices; legal consultative assistance**

The Secretary shall, within 6 months after October 8, 1976, develop a digest of State laws, regulations, and practices pertaining to development, establishment, and operation of health maintenance organizations which shall be updated at least annually and relevant sections of which shall be provided to the Governor of each State annually. Such digest shall indicate which State laws, regulations, and practices appear to be inconsistent with the operation of this section. The Secretary shall also insure that appropriate legal consultative assistance is available to the States for the purpose of complying with the provisions of this section.

(July 1, 1944, ch. 373, title XIII, §1311, as added Pub. L. 93-222, §2, Dec. 29, 1973, 87 Stat. 931; amended Pub. L. 94-460, title I, §114, Oct. 8, 1976, 90 Stat. 1954; Pub. L. 99-660, title VIII, §809, Nov. 14, 1986, 100 Stat. 3801; Pub. L. 100-517, §8, Oct. 24, 1988, 102 Stat. 2583.)

**Editorial Notes**

**PRIOR PROVISIONS**

A prior section 1311 of act July 1, 1944, was classified to section 211a of this title prior to repeal by Pub. L. 93-222, §7(b).

**AMENDMENTS**

1988—Subsec. (a)(1)(E). Pub. L. 100-517 added subpar. (E).

1986—Subsec. (c). Pub. L. 99-660 substituted “annually” for “quarterly” after “at least”.

1976—Subsec. (c). Pub. L. 94-460 added subsec. (c).

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE OF 1986 AMENDMENT**

Amendment by Pub. L. 99-660 effective Oct. 1, 1985, see section 815(a) of Pub. L. 99-660, set out as an Effective and Termination Dates of 1986 Amendment note under section 300e-1 of this title.

**EFFECTIVE DATE OF 1976 AMENDMENT**

Amendment by Pub. L. 94-460 effective Oct. 8, 1976, see section 118 of Pub. L. 94-460, set out as a note under section 300e of this title.

**§ 300e-11. Continued regulation of health maintenance organizations**

**(a) Determination of deficiency**

If the Secretary determines that an entity which received a grant, contract, loan, or loan guarantee under this subchapter as a health maintenance organization or which was included in a health benefits plan offered to employees pursuant to section 300e-9 of this title—

(1) fails to provide basic and supplemental services to its members,

(2) fails to provide such services in the manner prescribed by section 300e(b) of this title, or

(3) is not organized or operated in the manner prescribed by section 300e(c) of this title,

the Secretary may take the action authorized by subsection (b).

**(b) Action by Secretary upon determination**

(1) If the Secretary makes, with respect to any entity which provided assurances to the Secretary under section 300e-9(d)(1)<sup>1</sup> of this title, a determination described in subsection (a), the Secretary shall notify the entity in writing of the determination. Such notice shall specify the manner in which the entity has not complied with such assurances and direct that the entity initiate (within 30 days of the date the notice is issued by the Secretary or within such longer period as the Secretary determines is reasonable) such action as may be necessary to bring (within such period as the Secretary shall prescribe) the entity into compliance with the assurances. If the entity fails to initiate corrective action within the period prescribed by the notice or fails to comply with the assurances within such period as the Secretary prescribes, then after the Secretary provides the entity a reasonable opportunity for reconsideration of his determination, including, at the entity's election, a fair hearing (A) the entity shall not be a qualified health maintenance organization for purposes of section 300e-9 of this title until such date as the Secretary determines that it is in compliance with the assurances, and (B) each employer which has offered membership in the entity in compliance with section 300e-9 of this title, each lawfully recognized collective bargaining representative or other employee representative which represents the employees of each such employer, and the members of such entity shall be notified by the entity that the entity is not a qualified health maintenance organization for purposes of such section. The notice required by clause (B) of the preceding sentence shall contain, in readily understandable language, the reasons for the determination that the entity is not a qualified health maintenance organization. The Secretary shall publish in the Federal Register each determination referred to in this paragraph.

(2) If the Secretary makes, with respect to an entity which has received a grant, contract, loan, or loan guarantee under this subchapter, a determination described in subsection (a), the Secretary may, in addition to any other remedies available to him, bring a civil action in the United States district court for the district in which such entity is located to enforce its compliance with the assurances it furnished respecting the provision of basic and supplemental health services or its organization or operation, as the case may be, which assurances were made in connection with its application under this subchapter for the grant, contract, loan, or loan guarantee.

(July 1, 1944, ch. 373, title XIII, §1312, as added Pub. L. 93-222, §2, Dec. 29, 1973, 87 Stat. 931;

<sup>1</sup> See References in Text note below.

amended Pub. L. 94-460, title I, §111, Oct. 8, 1976, 90 Stat. 1952; Pub. L. 95-559, §12(a)(2), Nov. 1, 1978, 92 Stat. 2140; Pub. L. 97-35, title IX, §949(a), Aug. 13, 1981, 95 Stat. 578.)

#### Editorial Notes

##### REFERENCES IN TEXT

Section 300e-9(d)(1) of this title, referred to in subsec. (b)(1), was redesignated section 300e-9(c)(1) of this title by Pub. L. 100-517, §7(b), Oct. 24, 1988, 102 Stat. 2580.

##### PRIOR PROVISIONS

A prior section 1312 of act July 1, 1944, was classified to section 212a of this title prior to repeal by Pub. L. 93-222, §7(b).

##### AMENDMENTS

1981—Subsec. (b)(1). Pub. L. 97-35 inserted provisions relating to opportunity for reconsideration of determination of Secretary.

1978—Subsec. (c). Pub. L. 95-559 struck out subsec. (c) which provided that the Secretary, acting through the Assistant Secretary for Health, administer subsections (a) and (b) of this section in the Office of the Assistant Secretary for Health.

1976—Subsec. (a). Pub. L. 94-460, §111(a), substituted “the Secretary may take the action authorized by subsection (b)” for “the Secretary may, in addition to any other remedies available to him, bring a civil action in the United States district court for the district in which such entity is located to enforce its compliance with any assurances it furnished him respecting the provision of basic and supplemental health services or its organization or operation, as the case may be, which assurances were made under section 300e-9 of this title or when application was made under this subchapter for a grant, contract, loan, or loan guarantee”.

Subsecs. (b), (c). Pub. L. 94-460, §111(b), (c), added subsec. (b), redesignated former subsec. (b) as (c), and substituted “acting through the Assistant Secretary for Health, shall administer subsections (a) and (b)” for “through the Assistant Secretary for Health, shall administer subsection (a)”.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-460 applicable with respect to determinations of the Secretary of Health, Education, and Welfare described in subsec. (a) of this section and made after Oct. 8, 1976, see section 118 of Pub. L. 94-460, set out as a note under section 300e of this title.

#### § 300e-12. Limitation on source of funding for health maintenance organizations

No funds appropriated under any provision of this chapter (except as provided in sections 254b<sup>1</sup> and 254b of this title) other than this subchapter may be used—

(1) for grants or contracts for surveys or other activities to determine the feasibility of developing or expanding health maintenance organizations or other entities which provide, directly or indirectly, health services to a defined population on a prepaid basis;

(2) for grants or contracts, or for payments under loan guarantees, for planning projects for the establishment or expansion of such organizations or entities;

(3) for grants or contracts, or for payments under loan guarantees, for projects for the ini-

tial development or expansion of such organizations or entities; or

(4) for loans, or for payments under loan guarantees, to assist in meeting the costs of the initial operation after establishment or expansion of such organizations or entities or in meeting the costs of such organizations in acquiring or constructing ambulatory health care facilities.

(July 1, 1944, ch. 373, title XIII, §1313, as added Pub. L. 93-222, §2, Dec. 29, 1973, 87 Stat. 932; amended Pub. L. 95-559, §5(b), Nov. 1, 1978, 92 Stat. 2133; Pub. L. 95-626, title I, §107, Nov. 10, 1978, 92 Stat. 3562; Pub. L. 107-251, title VI, §601(a), Oct. 26, 2002, 116 Stat. 1664; Pub. L. 108-163, §2(m)(2), Dec. 6, 2003, 117 Stat. 2023.)

#### Editorial Notes

##### REFERENCES IN TEXT

The reference to section 254b of this title the first place appearing in text was in the original a reference to section 329, meaning section 329 of act July 1, 1944, which was omitted in the general amendment of subpart I (§254b et seq.) of part D of this subchapter by Pub. L. 104-299, §2, Oct. 11, 1996, 110 Stat. 3626.

##### AMENDMENTS

2003—Pub. L. 108-163 substituted “254b and 254b” for “254b, 254c, and 254b(h)” in introductory provisions.

2002—Pub. L. 107-251 substituted “254b(h)” for “256” in introductory provisions.

1978—Pub. L. 95-626 inserted “(except as provided in sections 254b, 254c, and 256 of this title)” after “under any provision of this chapter” in provisions preceding par. (1).

Par. (4). Pub. L. 95-559 inserted “or in meeting the costs of such organizations in acquiring or constructing ambulatory health care facilities” after “or entities”.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 2003 AMENDMENT

Amendment by Pub. L. 108-163 deemed to have taken effect immediately after the enactment of Pub. L. 107-251, see section 3 of Pub. L. 108-163, set out as a note under section 233 of this title.

#### § 300e-13. Repealed. Pub. L. 97-35, title IX, § 949(b), Aug. 13, 1981, 95 Stat. 578

Section, acts July 1, 1944, ch. 373, title XIII, §1314, as added Dec. 29, 1973, Pub. L. 93-222, §2, 87 Stat. 932; amended Oct. 8, 1976, Pub. L. 94-460, title I, §115, 90 Stat. 1954; Nov. 1, 1978, Pub. L. 95-559, §13, 92 Stat. 2140, required the Comptroller General to: (a) evaluate the operations, particularly, specified aspects of the operations, of at least ten or one-half, whichever is greater, of the health maintenance organizations for which assistance was provided under sections 300e-2, 300e-3, and 300e-4 of this title, and which, by Dec. 31, 1976, were designated by the Secretary under section 300e-9(d) of this title as qualified health maintenance organizations, to Congress by June 30, 1978; (b) conduct a study of the economic effects on employers resulting from their compliance with the requirements of section 300e-9 of this title and report to Congress not later than 36 months after Dec. 29, 1973; (c) evaluate the operations of health maintenance organizations in comparison with others in distinct categories, in comparison with alternative forms of health care delivery, and their impact on the health of the public and report to Congress not later than 36 months after Dec. 29, 1973; and (d) evaluate the adequacy and effectiveness of the policies and procedures of the Secretary for the management of the grant and loan programs established by this sub-

<sup>1</sup> See References in Text note below.