

HOUSE BILL 1042

Unofficial Copy  
C3

2001 Regular Session  
(11r1447)

**ENROLLED BILL**

-- Economic Matters/Finance and Budget and Taxation --

Introduced by ~~Delegates Busch and Taylor, Taylor, Barve, Brown, Donoghue,~~  
Eckardt, Goldwater, Harrison, Hurson, Kach, Kirk, Krysiak, Love, Moe,  
Pendergrass, and Walkup

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Maryland Health Insurance and Assistance Fund - Acquisition of Nonprofit**  
3 **Health Entity**

4 FOR the purpose of ~~establishing the Maryland Health Insurance and Assistance~~  
5 ~~Fund; specifying the purpose of the Fund; declaring the intent of the General~~  
6 ~~Assembly; establishing a Board for the Fund; providing for the members and~~  
7 ~~officers of the Board; authorizing the Governor Speaker of the House and~~  
8 ~~President of the Senate to remove a Board member for certain reasons;~~  
9 ~~specifying the terms of the initial members of the Board; requiring the Board to~~  
10 ~~appoint an executive director; specifying the duties of the executive director;~~  
11 ~~authorizing the Executive Director in consultation with the Board to set~~  
12 ~~compensation for certain employees; specifying certain policies and procedures~~  
13 ~~for the Board; specifying the duties of the Board; exempting the Fund and the~~  
14 ~~Board from certain requirements of law; specifying the contents of a certain plan~~  
15 ~~of operation; specifying certain powers and authority of the Fund; requiring the~~

1 Board to submit a certain annual report to the Governor and the General  
2 Assembly; establishing certain immunity for the Board; specifying the contents  
3 of the Fund; requiring the Board to use the Fund to pay certain expenses;  
4 specifying that the Fund is subject to certain laws in a certain manner;  
5 requiring the Board to ensure that Fund enrollment does not exceed a certain  
6 financial capacity; requiring the Board to establish certain premium rates;  
7 requiring the Board to determine a certain rate risk; providing that a certain  
8 premium rate cannot exceed a certain amount; providing that certain losses will  
9 be subsidized in a certain manner; establishing certain eligibility criteria;  
10 providing for the termination of certain coverage; establishing that it is  
11 unlawful for certain persons to refer a certain employee to the Fund for a certain  
12 purpose; authorizing the Board to establish a certain low income subsidy  
13 program; establishing the criteria for a certain low income subsidy program;  
14 requiring the Board to adopt certain regulations; authorizing the Board to select  
15 a certain administrator to perform certain functions; requiring the Board to use  
16 certain criteria in selecting a certain administrator; providing that a certain  
17 administrator is subject to removal for certain reasons; requiring a certain  
18 administrator to submit certain reports; requiring the Board to establish or  
19 adopt a certain set of uniform benefits; providing that a certain benefit package  
20 may exclude certain requirements; establishing a certain preexisting condition  
21 exclusion; providing that certain individuals are not subject to a certain  
22 exclusion; authorizing the Fund to assess certain health insurance carriers for  
23 certain funds; providing for the calculation of a certain assessment; requiring  
24 certain excess assessment funds to be held and used by the Fund in a certain  
25 manner; requiring certain carriers to file certain statements and reports with  
26 the Board; providing for the abatement or deferment of an assessment under  
27 certain circumstances; specifying the time period during which a certain carrier  
28 is liable to the Fund for a certain deficiency; requiring a certain regulating  
29 entity to ensure that certain assets are distributed to the Fund; repealing the  
30 authority of the Insurance Commissioner to determine that a certain vote is not  
31 required as part of a certain transaction; eliminating a requirement that the  
32 Maryland Insurance Administration consider certain criteria in determining  
33 whether to approve a certain acquisition; exempting the Fund from a certain  
34 tax; repealing certain provisions of law that relate to the Short Term  
35 Prescription Drug Subsidy Plan; providing for the termination of a certain  
36 substantial, available, and affordable coverage program; requiring the Fund to  
37 begin enrolling certain individuals on or before a certain date; requiring the  
38 Board to repay a certain appropriation at a certain time; terminating enrollment  
39 in a certain short term prescription drug subsidy program; providing for the  
40 termination of a certain short term prescription drug subsidy program;  
41 requiring a certain carrier to provide a certain notice; providing for a delayed  
42 effective date for portions of the Act; defining certain terms; and generally  
43 relating to health benefits for low income and medically uninsurable  
44 individuals *establishing, under certain circumstances, the Maryland Health*  
45 *Care Trust to be a body corporate, subject to modification or termination by the*  
46 *General Assembly; providing for the purpose of the Trust; providing that moneys*  
47 *expended from the Trust are supplemental to certain other State funds; providing*  
48 *for the Maryland Health Care Foundation to be the Trustee of the Trust;*

1 providing that the Trust consists of certain assets received as the result of a  
 2 certain acquisition; requiring the State Treasurer to manage, invest, and reinvest  
 3 the Trust in the same manner as Statute funds are invested; requiring the Trust  
 4 to be held and accounted for separate and apart from the funds of the State;  
 5 requiring the Fund to be invested in a certain manner; providing for the crediting  
 6 and payment of interest and other investment earnings of the Trust; requiring the  
 7 Trustee to make provision for a system of financial accounting, controls, audits,  
 8 and reports; requiring the Trustee to submit a certain report; requiring the  
 9 Foundation to deposit certain assets in the Trust under certain circumstances;  
 10 requiring the Trust to grant to the Foundation certain interest and other  
 11 investment income, not exceeding a specified amount, that accrues before a  
 12 certain date on certain assets of the Fund; reserving the General Assembly's right  
 13 to change or modify the law with regard to the use of certain assets of the Trust  
 14 through legislation other than the State budget bill; and generally relating to the  
 15 regulation of an acquisition of a nonprofit health entity.

16 ~~BY repealing~~

17 ~~Article Health—General~~  
 18 ~~Section 15-601 through 15-605, inclusive, and the subtitle "Subtitle 6.~~  
 19 ~~Short Term Prescription Drug Subsidy Plan"~~  
 20 ~~Annotated Code of Maryland~~  
 21 ~~(2000 Replacement Volume)~~

22 ~~BY repealing~~

23 ~~Chapter 565 of the Acts of the General Assembly of 2000~~  
 24 ~~Section 2, 3, 4, and 5~~

25 ~~BY repealing and reenacting, with amendments,~~

26 ~~Article Insurance~~  
 27 ~~Section 6-101(b)~~  
 28 ~~Annotated Code of Maryland~~  
 29 ~~(1997 Volume and 2000 Supplement)~~

30 ~~BY repealing~~

31 ~~Article Insurance~~  
 32 ~~Section 15-606(e)~~  
 33 ~~Annotated Code of Maryland~~  
 34 ~~(1997 Volume and 2000 Supplement)~~

35 ~~BY repealing and reenacting, with amendments,~~

36 ~~Article Insurance~~  
 37 ~~Section 6-101~~  
 38 ~~Annotated Code of Maryland~~  
 39 ~~(1997 Volume and 2000 Supplement)~~  
 40 ~~(As enacted by Section 3 of this Act)~~

1 ~~BY adding to~~  
 2 ~~Article Insurance~~  
 3 ~~Section 14-501 through 14-517 14-518, inclusive, to be under the new subtitle~~  
 4 ~~"Subtitle 5. Maryland Health Insurance and Assistance Fund"~~  
 5 ~~Annotated Code of Maryland~~  
 6 ~~(1997 Volume and 2000 Supplement)~~

7 ~~BY repealing and reenacting, with amendments,~~  
 8 ~~Article State Finance and Procurement~~  
 9 ~~Section 11-203(a)(1)~~  
 10 ~~Annotated Code of Maryland~~  
 11 ~~(1995 Replacement Volume and 2000 Supplement)~~

12 ~~BY repealing and reenacting, with amendments,~~  
 13 ~~Article - State Government~~  
 14 ~~Section ~~6.5-301~~ 6.5-301(c) and 6.5-303~~  
 15 ~~Annotated Code of Maryland~~  
 16 ~~(1999 Replacement Volume and 2000 Supplement)~~

17 ~~BY repealing and reenacting, with amendments,~~  
 18 ~~Article Health General~~  
 19 ~~Section 19-103(e) and 19-219~~  
 20 ~~Annotated Code of Maryland~~  
 21 ~~(2000 Replacement Volume)~~

22 ~~BY repealing~~  
 23 ~~Article Insurance~~  
 24 ~~Section 15-606~~  
 25 ~~Annotated Code of Maryland~~  
 26 ~~(1997 Volume and 2000 Supplement)~~  
 27 ~~(As enacted by Section 3 of this Act)~~

28 ~~SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF~~  
 29 ~~MARYLAND, That Section(s) 15-601 through 15-605, inclusive, and the subtitle~~  
 30 ~~"Subtitle 6. Short-Term Prescription Drug Subsidy Plan" of Article Health-~~  
 31 ~~General of the Annotated Code of Maryland be repealed.~~

32 ~~SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 2, 3, 4, and 5 of~~  
 33 ~~Chapter 565 of the Acts of the General Assembly of 2000 be repealed.~~

34 ~~SECTION 3. 1. AND BE IT FURTHER ENACTED BY THE GENERAL~~  
 35 ~~ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:~~

~~Article—Insurance~~

~~6-101.~~

(b) The following persons are not subject to taxation under this subtitle:

(1) a nonprofit health service plan corporation;

(2) a fraternal benefit society;

(3) a health maintenance organization authorized by Title 19, Subtitle 7 of the Health—General Article;

(4) a surplus lines broker, who is subject to taxation in accordance with Title 3, Subtitle 3 of this article; OR

(5) an unauthorized insurer, who is subject to taxation in accordance with Title 4, Subtitle 2 of this article; or

(6) the Short Term Prescription Drug Subsidy Plan created under Title 15, Subtitle 6 of the Health—General Article; OR

(7) THE MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THIS ARTICLE.

~~15-606.~~

(c) (1) In addition to the requirements imposed under subsection (b) of this section, a carrier may not receive the approved purchaser differential unless the carrier contributes, as provided in paragraph (2) of this subsection, to the Short Term Prescription Drug Subsidy Plan created under Title 15, Subtitle 6 of the Health—General Article.

(2) (i) The total contributions to be made to the Short Term Prescription Drug Subsidy Plan by all carriers participating in the substantial, affordable, and available coverage differential program shall be \$5.4 million per year.

(ii) 1. Each carrier participating in the substantial, affordable, and available coverage differential program shall contribute an amount to the Short Term Prescription Drug Subsidy Plan that is equal to the total derived by multiplying \$5.4 million by the percentage of the total benefit to all carriers from the substantial, affordable, and available coverage differential that the carrier receives on January 1, 2000.

2. On July 1 of each year, the Health Services Cost Review Commission shall calculate each carrier's contribution and assess the contribution as provided in this subsection.

(iii) 1. The last carrier to provide Medicare Plus Choice coverage in medically underserved counties or portions of counties shall use an amount equal to the contribution derived under subparagraph (ii) of this paragraph to provide the





1 ~~(D) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE FUND OPERATE~~  
2 ~~AS A NONPROFIT ENTITY AND THAT FUND REVENUE, TO THE EXTENT CONSISTENT~~  
3 ~~WITH GOOD BUSINESS PRACTICES, SHALL INURE:~~

4 ~~(1) FIRST TO THE BENEFIT OF MEDICALLY UNINSURABLE ENROLLEES~~  
5 ~~BY SUBSIDIZING INSURANCE LOSSES INCURRED BY THIS POPULATION; AND~~

6 ~~(2) SECOND TO THE BENEFIT OF LOW INCOME ENROLLEES WHO ARE~~  
7 ~~INELIGIBLE FOR OTHER PUBLICALLY FUNDED HEALTH BENEFITS BY SUBSIDIZING~~  
8 ~~PREMIUM RATES FOR THIS POPULATION.~~

9 14-503.

10 ~~(A) THERE IS A BOARD FOR THE MARYLAND HEALTH INSURANCE AND~~  
11 ~~ASSISTANCE FUND.~~

12 ~~(B) THE FUND OPERATES SUBJECT TO THE SUPERVISION AND CONTROL OF~~  
13 ~~THE BOARD.~~

14 14-504.

15 ~~(A) THE BOARD CONSISTS OF 9 MEMBERS, OF WHOM:~~

16 ~~(1) ONE SHALL BE THE COMMISSIONER; SEVEN SHALL BE APPOINTED~~  
17 ~~JOINTLY BY THE SPEAKER OF THE HOUSE AND THE PRESIDENT OF THE SENATE IN~~  
18 ~~ACCORDANCE WITH SUBSECTION (B)(1) OF THIS SECTION; AND~~

19 ~~(2) TWO SHALL BE APPOINTED BY THE GOVERNOR WITH THE ADVICE~~  
20 ~~AND CONSENT OF THE SENATE IN ACCORDANCE WITH SUBSECTION (B)(2) OF THIS~~  
21 ~~SECTION.~~

22 ~~(2) ONE SHALL BE THE EXECUTIVE DIRECTOR OF THE MARYLAND~~  
23 ~~HEALTH CARE COMMISSION;~~

24 ~~(3) ONE SHALL BE THE EXECUTIVE DIRECTOR OF THE STATE HEALTH~~  
25 ~~SERVICES COST REVIEW COMMISSION;~~

26 ~~(4) THREE SHALL BE KNOWLEDGEABLE ABOUT THE BUSINESS OF~~  
27 ~~INSURANCE, BUT NOT OFFICERS OR EMPLOYEES OF A CARRIER DOING BUSINESS IN~~  
28 ~~THE STATE OR CONSULTANTS TO A CARRIER DOING BUSINESS IN THE STATE;~~

29 ~~(5) ONE SHALL BE AN INDIVIDUAL ENGAGED IN THE MANAGEMENT OR~~  
30 ~~ADMINISTRATION OF EMPLOYEE HEALTH BENEFITS ON BEHALF OF AN EMPLOYER~~  
31 ~~IN THE STATE WITH FEWER THAN 100 EMPLOYEES;~~

32 ~~(6) ONE SHALL REPRESENT ORGANIZED LABOR; AND~~

33 ~~(7) ONE SHALL BE A CONSUMER MEMBER WHO DOES NOT HAVE A~~  
34 ~~SUBSTANTIAL FINANCIAL INTEREST IN A PERSON REGULATED UNDER THIS~~  
35 ~~ARTICLE.~~

1 ~~(B) (1) OF THE MEMBERS APPOINTED JOINTLY BY THE SPEAKER OF THE~~  
2 ~~HOUSE AND THE PRESIDENT OF THE SENATE:~~

3 ~~(I) FOUR SHALL BE KNOWLEDGEABLE ABOUT THE BUSINESS OF~~  
4 ~~INSURANCE, BUT NOT OFFICERS OR EMPLOYEES OF A CARRIER DOING BUSINESS IN~~  
5 ~~THE STATE OR CONSULTANTS TO A CARRIER DOING BUSINESS IN THE STATE;~~

6 ~~(II) ONE SHALL BE AN INDIVIDUAL ENGAGED IN THE~~  
7 ~~MANAGEMENT OR ADMINISTRATION OF EMPLOYEE HEALTH BENEFITS ON BEHALF~~  
8 ~~OF AN EMPLOYER IN THE STATE WITH FEWER THAN 100 EMPLOYEES;~~

9 ~~(III) ONE SHALL BE A SMALL BUSINESS OWNER WHO MAINTAINS~~  
10 ~~EMPLOYEE HEALTH INSURANCE COVERAGE IN THE SMALL GROUP MARKET IN~~  
11 ~~ACCORDANCE WITH THE PROVISIONS OF TITLE 15, SUBTITLE 12 OF THIS ARTICLE;~~  
12 ~~AND~~

13 ~~(IV) ONE SHALL BE A REPRESENTATIVE OF ORGANIZED LABOR.~~

14 ~~(2) EACH OF THE TWO MEMBERS OF THE BOARD APPOINTED BY THE~~  
15 ~~GOVERNOR SHALL BE A CONSUMER WHO DOES NOT HAVE A SUBSTANTIAL~~  
16 ~~FINANCIAL INTEREST IN A PERSON REGULATED UNDER THIS ARTICLE.~~

17 ~~(B) EXCEPT FOR THE EX OFFICIO MEMBERS, THE MEMBERS OF THE BOARD~~  
18 ~~SHALL BE APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE~~  
19 ~~SENATE.~~

20 ~~(C) (1) EXCEPT FOR THE EX OFFICIO MEMBERS, THE THE TERM OF A~~  
21 ~~MEMBER IS 4 YEARS.~~

22 ~~(2) THE TERMS OF THE MEMBERS ARE STAGGERED AS REQUIRED BY~~  
23 ~~THE TERMS PROVIDED FOR MEMBERS ON JULY 1, 2001.~~

24 ~~(3) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL A~~  
25 ~~SUCCESSOR IS APPOINTED AND QUALIFIES.~~

26 ~~(4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES~~  
27 ~~ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND~~  
28 ~~QUALIFIES.~~

29 ~~(D) THE GOVERNOR SPEAKER AND THE PRESIDENT MAY REMOVE A MEMBER~~  
30 ~~FOR NEGLECT OF DUTY, INCOMPETENCE, OR MISCONDUCT.~~

31 ~~14-505.~~

32 ~~(A) THE GOVERNOR SPEAKER AND THE PRESIDENT SHALL JOINTLY APPOINT~~  
33 ~~THE CHAIRMAN OF THE BOARD FROM AMONG ITS MEMBERS.~~

34 ~~(B) THE CHAIRMAN MAY APPOINT A VICE CHAIRMAN OF THE BOARD FROM~~  
35 ~~AMONG ITS MEMBERS.~~

1 14-506.

2 (A) ~~THE BOARD SHALL APPOINT AN EXECUTIVE DIRECTOR WHO SHALL BE~~  
3 ~~THE CHIEF ADMINISTRATIVE OFFICER OF THE FUND.~~

4 (B) ~~THE EXECUTIVE DIRECTOR SHALL SERVE AT THE PLEASURE OF THE~~  
5 ~~BOARD.~~

6 (C) ~~THE BOARD SHALL DETERMINE THE APPROPRIATE COMPENSATION FOR~~  
7 ~~THE EXECUTIVE DIRECTOR.~~

8 (D) ~~UNDER THE DIRECTION OF THE BOARD, THE EXECUTIVE DIRECTOR~~  
9 ~~SHALL PERFORM ANY DUTY OR FUNCTION THAT IS NECESSARY FOR THE OPERATION~~  
10 ~~OF THE FUND.~~

11 14-507.

12 (A) ~~A MAJORITY OF THE MEMBERS OF THE BOARD CONSTITUTES A QUORUM.~~

13 (B) ~~THE BOARD SHALL MEET AT LEAST FOUR TIMES EACH YEAR, AT THE~~  
14 ~~TIMES AND PLACES THAT IT DETERMINES.~~

15 (C) (1) ~~EACH MEMBER OF THE BOARD, EXCEPT FOR AN EX OFFICIO~~  
16 ~~MEMBER, IS ENTITLED TO COMPENSATION IN ACCORDANCE WITH THE BOARD'S~~  
17 ~~BUDGET.~~

18 (2) ~~EACH MEMBER OF THE BOARD IS ENTITLED TO REIMBURSEMENT~~  
19 ~~FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED~~  
20 ~~IN THE BOARD'S BUDGET.~~

21 (D) (1) ~~THE BOARD MAY EMPLOY A STAFF.~~

22 (2) ~~EMPLOYEES OF THE FUND ARE SPECIAL APPOINTMENTS.~~

23 (3) ~~THE BOARD EXECUTIVE DIRECTOR, SUBJECT TO THE APPROVAL OF~~  
24 ~~THE BOARD, SHALL SET COMPENSATION FOR ITS EMPLOYEES OF THE FUND.~~

25 (E) ~~IN ADDITION TO THE DUTIES SET FORTH ELSEWHERE IN THIS SUBTITLE,~~  
26 ~~THE BOARD SHALL:~~

27 (1) ~~ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE;~~

28 (2) ~~PREPARE AND SUBMIT TO THE COMMISSIONER FOR APPROVAL A~~  
29 ~~PLAN OF OPERATION THAT CONTAINS THE INFORMATION SPECIFIED UNDER § 14-508~~  
30 ~~OF THIS SECTION;~~

31 (3) ~~KEEP MINUTES OF EACH MEETING; AND~~

32 (4) ~~PREPARE ANNUALLY A BUDGET THAT INCLUDES THE ESTIMATED~~  
33 ~~INCOME OF THE BOARD AND PROPOSED EXPENSES FOR ITS ADMINISTRATION AND~~  
34 ~~OPERATION.~~

1 (F) THE BOARD IS NOT SUBJECT TO:

2 (1) ~~THE OPEN MEETINGS ACT ESTABLISHED UNDER TITLE 10, SUBTITLE~~  
3 ~~5 OF THE STATE GOVERNMENT ARTICLE; OR~~

4 (2) ~~STATE PROCUREMENT REQUIREMENTS AS PROVIDED UNDER §~~  
5 ~~14-203 OF THE STATE FINANCE AND PROCUREMENT ARTICLE THE PROVISIONS OF~~  
6 ~~THE STATE FINANCE AND PROCUREMENT ARTICLE, THE PROVISIONS OF DIVISION I~~  
7 ~~OF THE STATE PERSONNEL AND PENSIONS ARTICLE THAT GOVERN THE STATE~~  
8 ~~PERSONNEL MANAGEMENT SYSTEM, THE PROVISIONS OF DIVISION II AND TITLE 37~~  
9 ~~OF THE STATE PERSONNEL AND PENSIONS ARTICLE, AND THE PROVISIONS OF~~  
10 ~~ARTICLE 78A OF THE CODE.~~

11 ~~14-508.~~

12 (A) THE PLAN OF OPERATION SHALL:

13 (1) ~~ESTABLISH PROCEDURES FOR OPERATION OF THE FUND;~~

14 (2) ~~ESTABLISH PROCEDURES FOR SELECTING AN ADMINISTRATOR IN~~  
15 ~~ACCORDANCE WITH § 14-515 OF THIS SUBTITLE;~~

16 (3) ~~ESTABLISH PROCEDURES FOR THE HANDLING, ACCOUNTING AND~~  
17 ~~AUDITING OF ASSETS, MONIES AND CLAIMS OF THE FUND AND THE FUND~~  
18 ~~ADMINISTRATOR;~~

19 (4) ~~DEVELOP AND IMPLEMENT A PROGRAM TO PUBLICIZE THE~~  
20 ~~EXISTENCE OF THE FUND, THE ELIGIBILITY REQUIREMENTS, AND PROCEDURES FOR~~  
21 ~~ENROLLMENT;~~

22 (5) ~~ESTABLISH AN INTERNAL GRIEVANCE PROCESS IN ACCORDANCE~~  
23 ~~WITH THE REQUIREMENTS OF § 15-10A-02 OF THIS ARTICLE; AND~~

24 (6) ~~PROVIDE FOR OTHER MATTERS AS MAY BE NECESSARY AND PROPER~~  
25 ~~FOR THE EXECUTION OF THE BOARD'S POWERS, DUTIES AND OBLIGATIONS UNDER~~  
26 ~~THIS SUBTITLE.~~

27 (B) THE FUND SHALL HAVE THE GENERAL POWERS AND AUTHORITY  
28 GRANTED TO A HEALTH INSURER THAT HOLDS A CERTIFICATE OF AUTHORITY  
29 UNDER THIS ARTICLE AND IN ADDITION, THE SPECIFIC AUTHORITY TO:

30 (1) ~~ENTER INTO CONTRACTS AS ARE NECESSARY OR PROPER TO CARRY~~  
31 ~~OUT THE PROVISIONS AND PURPOSES OF THIS SUBTITLE;~~

32 (2) ~~ENTER INTO CONTRACTS WITH SIMILAR FUNDS IN THIS OR OTHER~~  
33 ~~STATES FOR THE JOINT PERFORMANCE OF COMMON ADMINISTRATIVE FUNCTIONS;~~

34 (3) ~~SUE OR BE SUED, INCLUDING TAKING LEGAL ACTIONS NECESSARY~~  
35 ~~OR PROPER TO RECOVER AND COLLECT ASSESSMENTS DUE THE FUND;~~

36 (4) ~~TAKE SUCH LEGAL ACTION AS IS NECESSARY;~~

1                   (I)     ~~TO AVOID THE PAYMENT OF IMPROPER CLAIMS AGAINST THE~~  
2 ~~FUND OR THE COVERAGE PROVIDED BY OR THROUGH THE FUND;~~

3                   (II)    ~~TO RECOVER ANY AMOUNTS ERRONEOUSLY OR IMPROPERLY~~  
4 ~~PAID BY THE FUND;~~

5                   (III)   ~~TO RECOVER ANY AMOUNTS PAID BY THE FUND AS A RESULT~~  
6 ~~OF MISTAKE OF FACT OR LAW; OR~~

7                   (IV)   ~~TO RECOVER OTHER AMOUNTS DUE THE FUND;~~

8                   (5)     ~~ISSUE POLICIES OF INSURANCE IN ACCORDANCE WITH THE~~  
9 ~~REQUIREMENTS OF THIS SUBTITLE;~~

10                  (6)     ~~APPOINT COMMITTEES AS NECESSARY TO PROVIDE TECHNICAL~~  
11 ~~ASSISTANCE IN THE OPERATION OF THE FUND;~~

12                  (7)     ~~BORROW MONEY NECESSARY TO CARRY OUT THE PURPOSES OF THE~~  
13 ~~FUND;~~

14                  (8)     ~~EMPLOY AND FIX THE COMPENSATION OF EMPLOYEES;~~

15                  (9)     ~~CREATE AND DISTRIBUTE CERTIFICATE OF ELIGIBILITY FORMS AND~~  
16 ~~ENROLLMENT INSTRUCTION FORMS TO LICENSED INSURANCE PRODUCERS AND TO~~  
17 ~~THE GENERAL PUBLIC;~~

18                  (10)    ~~PROVIDE FOR REINSURANCE OF RISKS INCURRED BY THE FUND;~~

19                  (11)    ~~ESTABLISH RULES, CONDITIONS, AND PROCEDURES FOR~~  
20 ~~REINSURING RISKS OF PARTICIPATING INSURERS IF THE BOARD CHOOSES TO~~  
21 ~~AUTHORIZE COMMERCIAL INSURERS TO ISSUE FUND COVERAGE;~~

22                  (12)    ~~ISSUE ADDITIONAL TYPES OF HEALTH INSURANCE POLICIES TO~~  
23 ~~PROVIDE OPTIONAL COVERAGES AT NONSUBSIDIZED RATES, INCLUDING MEDICARE~~  
24 ~~SUPPLEMENTAL HEALTH INSURANCE IN ACCORDANCE WITH THE PROVISIONS OF~~  
25 ~~TITLE 15, SUBTITLE 9 OF THIS ARTICLE AND SMALL EMPLOYER GROUP MARKET~~  
26 ~~INSURANCE IN ACCORDANCE WITH TITLE 15, SUBTITLE 12 OF THIS ARTICLE ASSESS~~  
27 ~~CARRIERS IN ACCORDANCE WITH § 14-518 OF THIS SUBTITLE FOR LOSSES INCURRED~~  
28 ~~BY THE FUND;~~

29                  (13)    ~~PROVIDE FOR AND EMPLOY COST CONTAINMENT MEASURES~~  
30 ~~INCLUDING PREADMISSION SCREENING, SECOND SURGICAL OPINION, CONCURRENT~~  
31 ~~UTILIZATION REVIEW, AND INDIVIDUAL CASE MANAGEMENT;~~

32                  (14)    ~~DESIGN, UTILIZE, CONTRACT, OR OTHERWISE ARRANGE FOR THE~~  
33 ~~DELIVERY OF COST EFFECTIVE HEALTH CARE SERVICES, INCLUDING ESTABLISHING~~  
34 ~~OR CONTRACTING WITH PREFERRED PROVIDER ORGANIZATIONS, HEALTH~~  
35 ~~MAINTENANCE ORGANIZATIONS, AND OTHER LIMITED NETWORK PROVIDER~~  
36 ~~ARRANGEMENTS; AND~~

1           (15)    ~~ADOPT BYLAWS, POLICIES, AND PROCEDURES NECESSARY OR~~  
2 ~~PROPER TO OPERATE THE FUND.~~

3           (C)    ~~THE BOARD SHALL MAKE AN ANNUAL REPORT TO THE GOVERNOR AND TO~~  
4 ~~THE GENERAL ASSEMBLY IN ACCORDANCE WITH § 2-1246 OF THE STATE~~  
5 ~~GOVERNMENT ARTICLE SUMMARIZING THE ACTIVITIES OF THE FUND FOR THE~~  
6 ~~PRECEDING CALENDAR YEAR, INCLUDING:~~

7           (1)    ~~NET WRITTEN AND EARNED PREMIUMS;~~

8           (2)    ~~FUND ENROLLMENT;~~

9           (3)    ~~ADMINISTRATIVE EXPENSES;~~

10          (4)    ~~PAID AND INCURRED LOSSES; AND~~

11          (5)    ~~A SUMMARY OF GRIEVANCES FILED BY FUND ENROLLEES AND THE~~  
12 ~~RESOLUTIONS OF THOSE GRIEVANCES.~~

13          (D)    (1)    ~~THE BOARD AND ITS EMPLOYEES MAY NOT BE HELD LIABLE FOR~~  
14 ~~ANY OBLIGATIONS OF THE FUND.~~

15          (2)    ~~A MEMBER OR EMPLOYEE OF THE BOARD MAY NOT BE HELD LIABLE~~  
16 ~~FOR AN ACT OR OMISSION RELATED TO THE PERFORMANCE OF DUTIES UNDER THIS~~  
17 ~~SUBTITLE, UNLESS THE ACT OR OMISSION CONSTITUTES WILLFUL OR WANTON~~  
18 ~~MISCONDUCT.~~

19          (3)    ~~THE BOARD MAY PROVIDE IN ITS BYLAWS OR REGULATIONS FOR~~  
20 ~~INDEMNIFICATION OF, AND LEGAL REPRESENTATION FOR, ITS MEMBERS AND~~  
21 ~~EMPLOYEES.~~

22 ~~14-509.~~

23          (A)    ~~THE FUND SHALL CONSIST OF:~~

24          (1)    ~~PREMIUMS FOR INSURANCE THAT THE FUND ISSUES;~~

25          (2)    ~~A 1% ASSESSMENT ON THE GROSS ANNUAL REVENUE OF EACH~~  
26 ~~ACUTE CARE HOSPITAL IN ACCORDANCE WITH § 19-219 OF THE HEALTH GENERAL~~  
27 ~~ARTICLE MONEY FROM ASSESSMENTS LEVIED ON CARRIERS IN ACCORDANCE WITH §~~  
28 ~~14-518 OF THIS SUBTITLE;~~

29          (3)    ~~PUBLIC OR CHARITABLE ASSETS TRANSFERRED TO THE FUND AS A~~  
30 ~~RESULT OF THE ACQUISITION OF A NONPROFIT HEALTH ENTITY UNDER TITLE 6.5 OF~~  
31 ~~THE STATE GOVERNMENT ARTICLE;~~

32          (4)    ~~INCOME FROM INVESTMENTS THAT THE BOARD MAKES FOR THE~~  
33 ~~FUND;~~

34          (5)    ~~INTERESTS INTEREST ON DEPOSITS OR INVESTMENTS OF MONEY~~  
35 ~~FROM THE FUND; AND~~

1           (6)     MONEY COLLECTED BY THE BOARD AS A RESULT OF LEGAL OR  
2 OTHER ACTIONS TAKEN IN ACCORDANCE WITH § 14-508 OF THIS SUBTITLE.

3     (B)     THE BOARD SHALL USE THE FUND TO PAY ALL OF THE EXPENSES UNDER  
4 THIS SUBTITLE, INCLUDING LOSSES ON INSURANCE THAT THE FUND ISSUES.

5 ~~14-510.~~

6     THE BOARD SHALL TAKE STEPS NECESSARY TO ENSURE THAT FUND  
7 ENROLLMENT DOES NOT EXCEED THE NUMBER OF ENROLLEES THE FUND HAS THE  
8 FINANCIAL CAPACITY TO INSURE.

9 ~~14-511.~~

10    (A)    (1)     THE BOARD SHALL ESTABLISH PREMIUM RATES FOR FUND  
11 COVERAGE SUBJECT TO REVIEW AND APPROVAL BY THE COMMISSIONER.

12           (2)     THE BOARD MAY ADOPT SEPARATE PREMIUM RATE SCHEDULES  
13 BASED ON:

14                   (I)     AGE;

15                   (II)    GENDER; AND

16                   (III)   GEOGRAPHIC LOCATION IN ONE OF THE FOLLOWING  
17 CONTIGUOUS AREAS OF THE STATE:

18                           1.     THE BALTIMORE METROPOLITAN AREA;

19                           2.     THE DISTRICT OF COLUMBIA METROPOLITAN AREA;

20                           3.     WESTERN MARYLAND; OR

21                           4.     EASTERN AND SOUTHERN MARYLAND.

22           (3)     PREMIUM RATES SHALL BE FILED WITH THE COMMISSIONER FOR  
23 APPROVAL PRIOR TO USE.

24    (B)    (1)     THE BOARD SHALL DETERMINE A STANDARD RISK RATE BY  
25 CALCULATING THE AVERAGE RATE CHARGED BY INSURERS OFFERING COVERAGES  
26 COMPARABLE TO THAT OF THE FUND.

27           (2)     IN DETERMINING A STANDARD RISK RATE, THE BOARD MAY  
28 CONSIDER THE RATES THAT APPLY TO THE COMPREHENSIVE STANDARD HEALTH  
29 BENEFIT PLAN ESTABLISHED UNDER § 15-1207 OF THIS ARTICLE.

30           (3)     THE PREMIUM RATES FOR COVERAGE UNDER THE FUND MAY NOT  
31 EXCEED 200% 150% OF RATES ESTABLISHED UNDER PARAGRAPH (1) OF THIS  
32 SUBSECTION.

1           (4)     ~~PREMIUM RATES SHALL BE REASONABLY CALCULATED TO~~  
2 ~~ENCOURAGE ENROLLMENT IN THE FUND.~~

3           (C)     ~~LOSSES INCURRED BY THE FUND SHALL BE SUBSIDIZED BY REVENUE~~  
4 ~~SOURCES, INCLUDING:~~

5           (1)     ~~ASSESSMENT INCOME RECEIVED IN ACCORDANCE WITH § 19-219 OF~~  
6 ~~THE HEALTH GENERAL ARTICLE § 14-518 OF THIS SUBTITLE;~~

7           (2)     ~~INCOME EARNED AS A RESULT OF INVESTMENTS MADE BY THE~~  
8 ~~BOARD; AND~~

9           (3)     ~~INTEREST INCOME EARNED BY THE FUND.~~

10 ~~14-512.~~

11           (A)     (1)     ~~SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN INDIVIDUAL IS~~  
12 ~~ELIGIBLE FOR FUND COVERAGE IF:~~

13                   (I)     ~~FOR HEALTH REASONS, AN INSURER HAS REFUSED TO ISSUE~~  
14 ~~SUBSTANTIALLY SIMILAR INSURANCE TO THE INDIVIDUAL WITHIN A TIME FRAME~~  
15 ~~DETERMINED BY THE BOARD;~~

16                   (II)    ~~FOR HEALTH REASONS, AN INSURER HAS REFUSED TO ISSUE~~  
17 ~~SUBSTANTIALLY SIMILAR INSURANCE TO THE INDIVIDUAL, WITHIN A TIME FRAME~~  
18 ~~DETERMINED BY THE BOARD, EXCEPT AT A RATE THAT EXCEEDS THE FUND'S RATE;~~

19                   (III)   ~~THE INDIVIDUAL HAS A HISTORY OF, OR SUFFERS FROM, A~~  
20 ~~MEDICAL OR HEALTH CONDITION THAT IS INCLUDED ON A LIST PROMULGATED BY~~  
21 ~~THE BOARD UNDER SUBSECTION (B) OF THIS SECTION;~~

22                   (IV)    ~~THE INDIVIDUAL IS CONSIDERED AN ELIGIBLE INDIVIDUAL AS~~  
23 ~~DEFINED UNDER § 15-1301 OF THIS ARTICLE;~~

24                   (V)     ~~THE INDIVIDUAL HAS AN ANNUAL HOUSEHOLD INCOME THAT~~  
25 ~~IS AT OR BELOW 250% 300% OF THE FEDERAL POVERTY GUIDELINES; OR~~

26                   (VI)    ~~THE INDIVIDUAL IS A DEPENDENT OF AN INDIVIDUAL WHO IS~~  
27 ~~ELIGIBLE FOR COVERAGE UNDER THIS SECTION.~~

28           (2)     ~~AN INDIVIDUAL IS NOT ELIGIBLE FOR FUND COVERAGE IF:~~

29                   (I)     ~~THE INDIVIDUAL IS ELIGIBLE FOR COVERAGE UNDER THE~~  
30 ~~FEDERAL MEDICARE PROGRAM, THE MARYLAND MEDICAL ASSISTANCE PROGRAM,~~  
31 ~~OR THE MARYLAND CHILDREN'S HEALTH PROGRAM;~~

32                   (II)    ~~THE INDIVIDUAL HAS OR IS ELIGIBLE TO OBTAIN HEALTH~~  
33 ~~INSURANCE COVERAGE SUBSTANTIALLY SIMILAR TO OR MORE COMPREHENSIVE~~  
34 ~~THAN A FUND POLICY AT A RATE THAT IS COMPARABLE TO THE FUND RATE;~~

1                   (III)    ~~THE INDIVIDUAL TERMINATED COVERAGE UNDER THE FUND~~  
2 ~~OR WAS TERMINATED FROM COVERAGE UNDER THE FUND DUE TO NONPAYMENT OF~~  
3 ~~PREMIUM WITHIN THE LAST 12 MONTHS;~~

4                   (IV)    ~~EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION,~~  
5 ~~THE INDIVIDUAL HAS BEEN A RESIDENT OF THE STATE FOR A PERIOD OF LESS THAN~~  
6 ~~180 DAYS;~~

7                   (V)     ~~THE INDIVIDUAL IS AN INMATE OR PATIENT IN A PUBLIC~~  
8 ~~INSTITUTION; OR~~

9                   (VI)   ~~THE FUND HAS PAID OUT \$1,000,000 IN BENEFITS ON BEHALF~~  
10 ~~OF THE INDIVIDUAL.~~

11    (B)    ~~THE BOARD SHALL PROMULGATE A LIST OF MEDICAL OR HEALTH~~  
12 ~~CONDITIONS FOR WHICH AN INDIVIDUAL IS ELIGIBLE FOR COVERAGE UNDER THE~~  
13 ~~FUND WITHOUT FIRST APPLYING FOR INSURANCE.~~

14    (C)    ~~AN INDIVIDUAL WHO SATISFIES THE DEFINITION OF ELIGIBLE~~  
15 ~~INDIVIDUAL UNDER § 15-1301 OF THIS ARTICLE IS EXEMPT FROM THE 180 DAY~~  
16 ~~RESIDENCY REQUIREMENT UNDER SUBSECTION (A)(2)(IV) OF THIS SECTION, BUT~~  
17 ~~STILL MUST BE LEGALLY DOMICILED IN THE STATE.~~

18    (D)    ~~AN INDIVIDUAL WHO CEASES TO MEET THE ELIGIBILITY REQUIREMENTS~~  
19 ~~OF THIS SECTION OR FOR OTHER REASONS AS DETERMINED BY THE BOARD, MAY~~  
20 ~~HAVE COVERAGE TERMINATED BY THE FUND AT THE END OF THE POLICY PERIOD~~  
21 ~~FOR WHICH THE NECESSARY PREMIUMS HAVE BEEN PAID.~~

22 14-513.

23    ~~IT IS UNLAWFUL AND A VIOLATION OF THIS ARTICLE FOR AN INSURER,~~  
24 ~~INSURANCE PRODUCER, OR THIRD PARTY ADMINISTRATOR TO REFER AN~~  
25 ~~INDIVIDUAL EMPLOYEE TO THE FUND, OR ARRANGE FOR AN INDIVIDUAL EMPLOYEE~~  
26 ~~TO APPLY TO THE FUND, FOR THE PURPOSE OF SEPARATING THAT EMPLOYEE FROM~~  
27 ~~THE GROUP HEALTH INSURANCE COVERAGE PROVIDED IN CONNECTION WITH THE~~  
28 ~~EMPLOYEE'S EMPLOYMENT.~~

29 14-514.

30    (A)    ~~THE BOARD MAY DEVELOP A LOW-INCOME SUBSIDY PROGRAM, IN~~  
31 ~~ACCORDANCE WITH THE REQUIREMENTS OF THIS SECTION, UNDER WHICH THE~~  
32 ~~FUND SHALL SUBSIDIZE HEALTH INSURANCE PREMIUMS FOR:~~

33                   (1)    ~~AN INDIVIDUAL WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR~~  
34 ~~BELOW 250% 300% OF THE FEDERAL POVERTY GUIDELINES AND WHO IS OTHERWISE~~  
35 ~~ELIGIBLE FOR FUND COVERAGE; AND~~

36                   (2)    ~~ANY ELIGIBLE DEPENDENTS OF THAT INDIVIDUAL.~~

37    (B)    ~~UNDER THE PROGRAM, THE FUND MAY SUBSIDIZE PREMIUMS FOR:~~

1           (1)     ~~COVERAGE PROVIDED UNDER A POLICY ISSUED BY THE FUND; OR~~

2           (2)     ~~COVERAGE THAT IS AVAILABLE TO AN ELIGIBLE INDIVIDUAL~~  
3 ~~THROUGH AN EMPLOYER-SPONSORED GROUP HEALTH INSURANCE PLAN.~~

4     (C)     ~~THE BOARD SHALL ESTABLISH SUBSIDY LEVELS ON A SLIDING SCALE~~  
5 ~~BASED ON:~~

6           (1)     ~~HOUSEHOLD INCOME;~~

7           (2)     ~~GEOGRAPHIC LOCATION; AND~~

8           (3)     ~~ANY OTHER FACTOR THAT THE BOARD DETERMINES IS RELEVANT.~~

9     (D)     ~~IN DETERMINING AN INDIVIDUAL'S HOUSEHOLD INCOME UNDER THIS~~  
10 ~~SECTION, THE BOARD MAY DISREGARD INCOME THAT WAS SPENT IN THE PAST YEAR~~  
11 ~~ON MEDICALLY NECESSARY GOODS OR SERVICES.~~

12     (E)     ~~PREMIUM SUBSIDIES SHALL BE REASONABLY CALCULATED TO~~  
13 ~~ENCOURAGE PARTICIPATION IN THE PROGRAM.~~

14     (F)     (1)     ~~THE PROGRAM MAY NOT SUBSIDIZE PREMIUMS FOR~~  
15 ~~EMPLOYER-SPONSORED GROUP HEALTH INSURANCE COVERAGE WHERE PREMIUMS~~  
16 ~~FOR THE ELIGIBLE INDIVIDUAL ARE WHOLLY PAID BY THE ELIGIBLE INDIVIDUAL'S~~  
17 ~~EMPLOYER.~~

18           (2)     ~~SUBSIDIES PROVIDED UNDER THE PROGRAM FOR~~  
19 ~~EMPLOYER-SPONSORED GROUP HEALTH INSURANCE COVERAGE MAY NOT EXCEED~~  
20 ~~THE AMOUNT OF PREMIUM THAT THE ELIGIBLE INDIVIDUAL IS REQUIRED TO~~  
21 ~~CONTRIBUTE, AS AN EMPLOYEE, FOR INDIVIDUAL OR FAMILY COVERAGE.~~

22     (G)     ~~AN INDIVIDUAL WHO IS ELIGIBLE FOR THE PROGRAM IN ACCORDANCE~~  
23 ~~WITH SUBSECTION (A) OF THIS SECTION MUST ENROLL IN A GROUP HEALTH~~  
24 ~~INSURANCE PLAN IF:~~

25           (1)     ~~THE INDIVIDUAL IS ELIGIBLE FOR PARTICIPATION IN THE PLAN~~  
26 ~~THROUGH THE INDIVIDUAL'S EMPLOYER; AND~~

27           (2)     ~~THE INDIVIDUAL'S EMPLOYER CONTRIBUTES TO THE PREMIUM COST~~  
28 ~~OF THE PLAN.~~

29     (H)     ~~THE BOARD SHALL ADOPT REGULATIONS NECESSARY TO IMPLEMENT THE~~  
30 ~~LOW-INCOME SUBSIDY PROGRAM.~~

31 14-515.

32     (A)     ~~THE BOARD MAY SELECT AN ADMINISTRATOR TO ADMINISTER THE FUND.~~

33     (B)     ~~THE SELECTION OF AN ADMINISTRATOR UNDER SUBSECTION (A) OF THIS~~  
34 ~~SECTION SHALL BE BASED ON CRITERIA ESTABLISHED BY THE BOARD, WHICH SHALL~~  
35 ~~INCLUDE:~~

1           (1)     ~~THE ADMINISTRATOR'S PROVEN ABILITY TO PROVIDE HEALTH~~  
2 ~~INSURANCE COVERAGE TO INDIVIDUALS;~~

3           (2)     ~~THE EFFICIENCY AND TIMELINESS OF THE ADMINISTRATOR'S CLAIM~~  
4 ~~PROCESSING PROCEDURES;~~

5           (3)     ~~AN ESTIMATE OF TOTAL CHARGES FOR ADMINISTERING THE FUND;~~

6           (4)     ~~THE ADMINISTRATOR'S ABILITY TO APPLY EFFECTIVE COST~~  
7 ~~CONTAINMENT PROGRAMS AND PROCEDURES; AND~~

8           (5)     ~~THE FINANCIAL CONDITION AND STABILITY OF THE~~  
9 ~~ADMINISTRATOR.~~

10        (C)     ~~THE ADMINISTRATOR SHALL SERVE FOR A PERIOD OF TIME SPECIFIED IN~~  
11 ~~ITS CONTRACT WITH THE FUND SUBJECT TO REMOVAL FOR CAUSE AND ANY OTHER~~  
12 ~~TERMS, CONDITIONS, AND LIMITATIONS CONTAINED IN THE CONTRACT.~~

13        (D)     ~~THE ADMINISTRATOR SHALL PERFORM FUNCTIONS RELATING TO THE~~  
14 ~~FUND AS REQUIRED BY THE BOARD, INCLUDING:~~

15           (1)     ~~DETERMINATION OF ELIGIBILITY;~~

16           (2)     ~~DATA COLLECTION;~~

17           (3)     ~~PAYMENT OF SUBSIDIES UNDER § 14-514 OF THIS SUBTITLE;~~

18           (4)     ~~FINANCIAL TRACKING AND REPORTING;~~

19           (5)     ~~PAYMENT OF CLAIMS; AND~~

20           (6)     ~~ESTABLISHING A PREMIUM BILLING PROCEDURE.~~

21        (E)     ~~THE ADMINISTRATOR SHALL SUBMIT REGULAR REPORTS TO THE BOARD~~  
22 ~~REGARDING THE OPERATION OF THE FUND.~~

23        (F)     ~~THE ADMINISTRATOR SHALL SUBMIT AN ANNUAL REPORT TO THE BOARD~~  
24 ~~THAT INCLUDES:~~

25           (1)     ~~THE NET WRITTEN AND EARNED PREMIUMS FOR THE YEAR;~~

26           (2)     ~~THE EXPENSE OF THE ADMINISTRATION FOR THE YEAR; AND~~

27           (3)     ~~THE PAID AND INCURRED LOSSES FOR THE YEAR.~~

28 ~~14-516.~~

29        (A)     ~~THE BOARD SHALL ESTABLISH A UNIFORM SET OF BENEFITS TO BE~~  
30 ~~OFFERED BY THE FUND INCLUDING:~~

31           (1)     ~~A SCHEDULE OF COMPREHENSIVE HEALTH BENEFITS;~~

- 1           (2)     BENEFIT EXCLUSIONS;
- 2           (3)     BENEFIT LIMITATIONS;
- 3           (4)     DEDUCTIBLES; AND
- 4           (5)     COPAYMENTS.

5     ~~(B)     THE BOARD MAY ADOPT THE COMPREHENSIVE STANDARD HEALTH~~  
6 ~~BENEFIT PLAN ESTABLISHED UNDER § 15-1207 OF THIS ARTICLE AS THE UNIFORM~~  
7 ~~SET OF BENEFITS TO BE OFFERED BY THE FUND.~~

8     ~~(C)     IN ESTABLISHING A UNIFORM SET OF BENEFITS UNDER SUBSECTION (A)~~  
9 ~~OF THIS SECTION, THE BOARD MAY EXCLUDE:~~

10           (1)     A HEALTH CARE SERVICE, BENEFIT, COVERAGE, OR  
11 REIMBURSEMENT FOR COVERED HEALTH CARE SERVICES THAT IS REQUIRED  
12 UNDER THIS ARTICLE OR THE HEALTH GENERAL ARTICLE TO BE PROVIDED OR  
13 OFFERED IN A HEALTH BENEFIT PLAN THAT IS ISSUED OR DELIVERED IN THE STATE  
14 BY A CARRIER; OR

15           (2)     REIMBURSEMENT REQUIRED BY STATUTE, BY A HEALTH BENEFIT  
16 PLAN FOR A SERVICE WHEN THAT SERVICE IS PERFORMED BY A HEALTH CARE  
17 PROVIDER WHO IS LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE AND  
18 WHOSE SCOPE OF PRACTICE INCLUDES THAT SERVICE.

19 ~~14-517.~~

20     ~~(A)     EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, FUND~~  
21 ~~COVERAGE SHALL EXCLUDE CHARGES OR EXPENSES INCURRED DURING THE FIRST~~  
22 ~~6 MONTHS FOLLOWING THE EFFECTIVE DATE OF COVERAGE AS TO ANY CONDITION~~  
23 ~~FOR WHICH MEDICAL ADVICE, CARE, OR TREATMENT WAS RECOMMENDED OR~~  
24 ~~RECEIVED DURING THE 6 MONTH PERIOD IMMEDIATELY PRECEDING THE~~  
25 ~~EFFECTIVE DATE OF COVERAGE.~~

26     ~~(B)     THE PREEXISTING CONDITION EXCLUSION UNDER SUBSECTION (A) OF~~  
27 ~~THIS SECTION MAY NOT BE IMPOSED ON A FUND ENROLLEE WHO SATISFIES THE~~  
28 ~~DEFINITION OF ELIGIBLE INDIVIDUAL UNDER § 15-1301 OF THIS ARTICLE.~~

29 ~~14-518.~~

30     ~~(A)     THE FUND MAY ANNUALLY ASSESS EACH CARRIER FOR LOSSES~~  
31 ~~INCURRED BY THE FUND.~~

32     ~~(B)     AT THE END OF EACH FISCAL YEAR, THE FUND SHALL DETERMINE THE~~  
33 ~~FOLLOWING, TAKING INTO ACCOUNT INVESTMENT INCOME AND OTHER~~  
34 ~~APPROPRIATE GAINS AND LOSSES:~~

35           (1)     NET PREMIUMS;

36           (2)     ADMINISTRATIVE EXPENSES; AND



- 1 (i) the Blind Industries and Services of Maryland;
- 2 (ii) the Maryland State Arts Council, for the support of the arts;
- 3 (iii) the Maryland Health and Higher Educational Facilities  
4 Authority, if no State money is to be spent on a procurement contract;
- 5 (iv) the Maryland Higher Education Supplemental Loan Authority,  
6 if no State money is to be spent on a procurement contract;
- 7 (v) the Maryland Industrial Training Program or the Partnership  
8 for Workforce Quality Program in the Department of Business and Economic  
9 Development, for training services or programs for new or expanding businesses or  
10 industries or businesses or industries in transition;
- 11 (vi) the Maryland Food Center Authority, to the extent the  
12 Authority is exempt under Title 13, Subtitle 1 of Article 41 of the Code;
- 13 (vii) the Maryland Public Broadcasting Commission, for services of  
14 artists for educational and cultural television productions;
- 15 (viii) public institutions of higher education, for cultural,  
16 entertainment, and intercollegiate athletic procurement contracts;
- 17 (ix) the Maryland State Planning Council on Developmental  
18 Disabilities, for services to support demonstration, pilot, and training programs;
- 19 (x) the Maryland Automobile Insurance Fund;
- 20 (xi) the Maryland Historical Trust for:
- 21 1. surveying and evaluating architecturally, archeologically,  
22 historically, or culturally significant properties; and
- 23 2. other than as to architectural services, preparing historic  
24 preservation planning documents and educational material;
- 25 (xii) the University of Maryland, for University College Overseas  
26 Programs, if the University adopts regulations that:
- 27 1. establish policies and procedures governing procurement  
28 for University College Overseas Programs; and
- 29 2. promote the purposes stated in § 11-201(a) of this subtitle;
- 30 (xiii) St. Mary's College of Maryland;
- 31 (xiv) the Department of Business and Economic Development, for  
32 negotiating and entering into private sector cooperative marketing projects that  
33 directly enhance promotion of Maryland and the tourism industry where there will be  
34 a private sector contribution to the project if not less than 50% of the total cost of the

1 project, if the project is reviewed by the Attorney General and approved by the  
2 Secretary of Business and Economic Development or the Secretary's designee;

3 (xv) the Forum for Rural Maryland; [and]

4 (xvi) the Maryland State Lottery Agency, for negotiating and  
5 entering into private sector cooperative marketing projects that directly enhance  
6 promotion of the Maryland State Lottery and its products, if the cooperative  
7 marketing project:

8 1. provides a substantive promotional or marketing value  
9 that the lottery determines acceptable in exchange for advertising or other  
10 promotional activities provided by the lottery;

11 2. does not involve the advertising or other promotion of  
12 alcohol or tobacco products; and

13 3. is reviewed by the Attorney General and approved by the  
14 Maryland Lottery Director or the Director's designee; AND

15 ~~(XVII) THE MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND~~  
16 ~~ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THE INSURANCE ARTICLE.~~

### 17 Article - State Government

18 6.5-301.

19 (a) The appropriate regulating entity shall approve an acquisition unless it  
20 finds the acquisition is not in the public interest.

21 (b) An acquisition is not in the public interest unless appropriate steps have  
22 been taken to:

23 (1) ensure that the value of public or charitable assets is safeguarded;

24 (2) ensure that:

25 (i) 1. ~~2% OF the fair value of the public or charitable assets of a~~  
26 ~~nonprofit health service plan or a health maintenance organization will be distributed~~  
27 ~~to the Maryland Health Care Foundation that was established in § 20-502 of the~~  
28 ~~Health General Article; and~~

29 2. ~~98% OF THE FAIR VALUE OF THE PUBLIC OR CHARITABLE~~  
30 ~~ASSETS OF A NONPROFIT HEALTH SERVICE PLAN OR A HEALTH MAINTENANCE~~  
31 ~~ORGANIZATION WILL BE DISTRIBUTED TO THE MARYLAND HEALTH INSURANCE AND~~  
32 ~~ASSISTANCE FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THE INSURANCE~~  
33 ~~ARTICLE; or~~

1 (ii) 1. 40% of the fair value of the public or charitable assets of a  
 2 nonprofit hospital will be distributed to the Maryland Health Care Foundation that  
 3 was established in § 20-502 of the Health General Article; and

4 2. 60% of the fair value of the public or charitable assets of a  
 5 nonprofit hospital will be distributed to a public or nonprofit charitable entity or trust  
 6 that is:

7 A. dedicated to serving the unmet health care needs of the  
 8 affected community;

9 B. dedicated to promoting access to health care in the  
 10 affected community;

11 C. dedicated to improving the quality of health care in the  
 12 affected community; and

13 D. independent of the transferee; and

14 (3) ensure that no part of the public or charitable assets of the  
 15 acquisition inure directly or indirectly to an officer, director, or trustee of a nonprofit  
 16 health entity.

17 (c) The regulating entity may determine that a distribution of assets of a  
 18 nonprofit health entity or a vote of its certificate holders as provided under §  
 19 6.5-303(2)(iii) of this subtitle is not required under this section if the transaction is:

20 (1) determined not to be an acquisition;

21 (2) in the ordinary course of business; and

22 (3) for fair value.

23 (d) In determining fair value, the appropriate regulating entity may consider  
 24 all relevant factors, including, as determined by the regulating entity:

25 (1) the value of the nonprofit health entity or an affiliate or the assets of  
 26 such an entity that is determined as if the entity had voting stock outstanding and  
 27 100% of its stock was freely transferable and available for purchase without  
 28 restriction;

29 (2) the value as a going concern;

30 (3) the market value;

31 (4) the investment or earnings value;

32 (5) the net asset value; and

33 (6) a control premium, if any.

1 (e) In determining whether an acquisition is in the public interest, the  
2 appropriate regulating entity shall consider:

3 (1) whether the transferor exercised due diligence in deciding to engage  
4 in an acquisition, selecting the transferee, and negotiating the terms and conditions  
5 of the acquisition;

6 (2) the procedures the transferor used in making the decision, including  
7 whether appropriate expert assistance was used;

8 (3) whether any conflicts of interest were disclosed, including conflicts of  
9 interest of board members, executives, and experts retained by the transferor,  
10 transferee, or any other parties to the acquisition;

11 (4) whether the transferor will receive fair value for its public or  
12 charitable assets;

13 (5) whether public or charitable assets are placed at unreasonable risk if  
14 the acquisition is financed in part by the transferor;

15 (6) whether the acquisition has the likelihood of creating a significant  
16 adverse effect on the availability or accessibility of health care services in the affected  
17 community;

18 (7) whether the acquisition includes sufficient safeguards to ensure that  
19 the affected community will have continued access to affordable health care; and

20 (8) whether any management contract under the acquisition is for fair  
21 value.

22 6.5-303.

23 In determining whether to approve an acquisition of a nonprofit health service  
24 plan or a nonprofit health maintenance organization, the Administration shall  
25 consider:

26 (1) the criteria listed in § 6.5-301 of this subtitle; and

27 (2) whether the acquisition:

28 (i) is equitable to enrollees, insureds, shareholders, and certificate  
29 holders, if any, of the transferor;

30 (ii) is in compliance with Title 2, Subtitle 6 of the Corporations and  
31 Associations Article;

32 (iii) [is approved by at least two-thirds of the transferor's certificate  
33 holders who have voted on the acquisition:

34 1. in person, by proxy, or by mail; and

1 2. pursuant to the requirements adopted by the  
 2 Commissioner regarding notice and procedure; and

3 (iv)] ensures that the transferee will possess surplus in an amount  
 4 sufficient to:

5 1. comply with the surplus required under law; and

6 2. provide for the security of the transferee's certificate  
 7 holders and policyholders.

8 ~~SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland~~  
 9 ~~read as follows:~~

10 ~~**Article – Health – General**~~

11 ~~19-103.~~

12 ~~(e) The purpose of the Commission is to:~~

13 ~~(1) Develop health care cost containment strategies to help provide~~  
 14 ~~access to appropriate quality health care services for all Marylanders, after~~  
 15 ~~consulting with the Health Services Cost Review Commission;~~

16 ~~(2) Promote the development of a health regulatory system that~~  
 17 ~~provides, for all Marylanders, financial and geographic access to quality health care~~  
 18 ~~services at a reasonable cost by:~~

19 ~~(i) Advocating policies and systems to promote the efficient~~  
 20 ~~delivery of and improved access to health care services; and~~

21 ~~(ii) Enhancing the strengths of the current health care service~~  
 22 ~~delivery and regulatory system;~~

23 ~~(3) Facilitate the public disclosure of medical claims data for the~~  
 24 ~~development of public policy;~~

25 ~~(4) Establish and develop a medical care data base on health care~~  
 26 ~~services rendered by health care practitioners;~~

27 ~~(5) Encourage the development of clinical resource management systems~~  
 28 ~~to permit the comparison of costs between various treatment settings and the~~  
 29 ~~availability of information to consumers, providers, and purchasers of health care~~  
 30 ~~services;~~

31 ~~(6) In accordance with Title 15, Subtitle 12 of the Insurance Article,~~  
 32 ~~develop:~~

33 ~~(i) A uniform set of effective benefits to be included in the~~  
 34 ~~Comprehensive Standard Health Benefit Plan; and~~

- 1 (ii) A modified health benefit plan for medical savings accounts;
- 2 (7) Analyze the medical care data base and provide, in aggregate form,  
3 an annual report on the variations in costs associated with health care practitioners;
- 4 (8) Ensure utilization of the medical care data base as a primary means  
5 to compile data and information and annually report on trends and variances  
6 regarding fees for service, cost of care, regional and national comparisons, and  
7 indications of malpractice situations;
- 8 (9) Establish standards for the operation and licensing of medical care  
9 electronic claims clearinghouses in Maryland;
- 10 (10) Reduce the costs of claims submission and the administration of  
11 claims for health care practitioners and payors;
- 12 (11) ~~Develop a uniform set of effective benefits to be offered as~~  
13 ~~substantial, available, and affordable coverage in the nongroup market in accordance~~  
14 ~~with § 15-606 of the Insurance Article;~~
- 15 (12) ~~‡ Determine the cost of mandated health insurance services in~~  
16 ~~the State in accordance with Title 15, Subtitle 15 of the Insurance Article; and~~
- 17 ~~[(13) ‡ (12) Promote the availability of information to consumers on~~  
18 ~~charges by practitioners and reimbursements from payors.~~
- 19 ~~19-219.~~
- 20 (a) ~~The Commission may review costs and rates and make any investigation~~  
21 ~~that the Commission considers necessary to assure each purchaser of health care~~  
22 ~~facility services that:~~
- 23 (1) ~~The total costs of all hospital services offered by or through a facility~~  
24 ~~are reasonable;~~
- 25 (2) ~~The aggregate rates of the facility are related reasonably to the~~  
26 ~~aggregate costs of the facility; and~~
- 27 (3) ~~The rates are set equitably among all purchasers or classes of~~  
28 ~~purchasers without undue discrimination or preference.~~
- 29 (b) (1) ~~To carry out its powers under subsection (a) of this section, the~~  
30 ~~Commission may review and approve or disapprove the reasonableness of any rate~~  
31 ~~that a facility sets or requests.~~
- 32 (2) ~~A facility shall charge for services only at a rate set in accordance~~  
33 ~~with this subtitle.~~
- 34 (3) ~~In determining the reasonableness of rates, the Commission may~~  
35 ~~take into account objective standards of efficiency and effectiveness.~~

1 (e) To promote the most efficient and effective use of health care facility  
 2 services and, if it is in the public interest and consistent with this subtitle, the  
 3 Commission may promote and approve alternate methods of rate determination and  
 4 payment that are of an experimental nature.

5 ~~(D) (1) THE ASSESSMENT UNDER THIS SUBSECTION:~~

6 ~~(I) IS REQUIRED IN LIEU OF THE MANDATORY 4% DIFFERENTIAL~~  
 7 ~~ON HOSPITAL RATES IMPOSED UNDER THE FORMER SUBSTANTIAL, AVAILABLE, AND~~  
 8 ~~AFFORDABLE COVERAGE (SAAC) PROGRAM; AND~~

9 ~~(II) IS INTENDED TO DECREASE THE COST OF UNCOMPENSATED~~  
 10 ~~CARE THAT IS CURRENTLY BORNE BY THE CITIZENS OF THE STATE THROUGH~~  
 11 ~~HOSPITAL RATES.~~

12 ~~(2) (I) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE~~  
 13 ~~COMMISSION SHALL ASSESS EACH ACUTE CARE HOSPITAL IN AN AMOUNT EQUAL TO~~  
 14 ~~1% OF THE HOSPITAL'S GROSS ANNUAL REVENUE.~~

15 ~~(II) THE ASSESSMENT SHALL BE COLLECTED IN ACCORDANCE~~  
 16 ~~WITH A SCHEDULE ESTABLISHED BY THE COMMISSION IN CONSULTATION WITH~~  
 17 ~~REPRESENTATIVES OF THE ACUTE CARE HOSPITALS.~~

18 ~~(III) EACH ACUTE CARE HOSPITAL ASSESSED UNDER THIS~~  
 19 ~~SUBSECTION SHALL REMIT THE FULL AMOUNT OF THE ASSESSMENT TO THE~~  
 20 ~~MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND ESTABLISHED UNDER~~  
 21 ~~TITLE 14, SUBTITLE 5 OF THE INSURANCE ARTICLE IN ACCORDANCE WITH THE~~  
 22 ~~SCHEDULE ADOPTED BY THE COMMISSION UNDER SUBPARAGRAPH (II) OF THIS~~  
 23 ~~PARAGRAPH.~~

24 ~~(3) THE COMMISSION, IN CONSULTATION WITH THE BOARD OF THE~~  
 25 ~~MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND ESTABLISHED UNDER~~  
 26 ~~TITLE 14, SUBTITLE 5 OF THE INSURANCE ARTICLE, SHALL REDETERMINE THE~~  
 27 ~~ASSESSMENT ON ACUTE CARE HOSPITALS IF THE COMMISSION FINDS THAT A 1%~~  
 28 ~~ASSESSMENT WILL RESULT IN THE LOSS OF THE STATE'S MEDICARE WAIVER UNDER~~  
 29 ~~§ 1814(B) OF THE SOCIAL SECURITY ACT.~~

30 ~~(E) (1) THE COMMISSION SHALL ADJUST HOSPITAL RATES TO TAKE INTO~~  
 31 ~~ACCOUNT THE ASSESSMENT REQUIRED UNDER SUBSECTION (D) OF THIS SECTION.~~

32 ~~(2) THE COMMISSION MAY NOT CONSIDER THE ASSESSMENT REQUIRED~~  
 33 ~~UNDER SUBSECTION (D) OF THIS SECTION IN DETERMINING:~~

34 ~~(I) THE REASONABLENESS OF RATES UNDER THIS SECTION; OR~~

35 ~~(II) HOSPITAL FINANCIAL PERFORMANCE.~~

36 SECTION 6. AND BE IT FURTHER ENACTED, That Section(s) 15-606 of  
 37 Article Insurance of the Annotated Code of Maryland, as enacted by Section 3 of this  
 38 Act, be repealed.

1     ~~SECTION 7. 3. AND BE IT FURTHER ENACTED, That the terms of the initial~~  
 2 ~~members of the Board of the Maryland Health Insurance and Assistance Fund shall~~  
 3 ~~expire as follows:~~

4                     (1)     ~~3 members in 2003;~~

5                     (2)     ~~3 members in 2004; and~~

6                     (3)     ~~3 members in 2005.~~

7     ~~SECTION 8. AND BE IT FURTHER ENACTED, That:~~

8                     (a)     ~~Enrollment in the Short Term Prescription Drug Subsidy Program~~  
 9 ~~established under Chapter 565 of the Acts of the General Assembly of 2000 shall be~~  
 10 ~~terminated on June 1, 2001;~~

11                    (b)     ~~The carrier that provides drug benefits under the Program shall~~  
 12 ~~continue to provide those benefits in accordance with the terms of its contract with~~  
 13 ~~the State for those individuals who are enrolled in the program at the time that new~~  
 14 ~~enrollment is terminated under subsection (a) of this section;~~

15                    (c)     ~~The Department of Health and Mental Hygiene shall ensure that the~~  
 16 ~~carrier has the funds necessary to provide the required Program benefits until the~~  
 17 ~~Program terminates in accordance with this section;~~

18                    (d)     ~~Any funds in the Short Term Prescription Drug Subsidy Plan Fund~~  
 19 ~~on June 1, 2001 or in any other public or private account that is used to support the~~  
 20 ~~Short Term Prescription Drug Subsidy Plan on June 1, 2001, that are not needed to~~  
 21 ~~fund Program benefits for the remaining enrollees in accordance with subsection (c) of~~  
 22 ~~this section, shall be transferred, no later than October 1, 2001 to the Maryland~~  
 23 ~~Health Insurance and Assistance Fund established under Title 14, Subtitle 5 of the~~  
 24 ~~Insurance Article; and~~

25                    (e)     ~~Coverage under the Program shall cease on the earlier of:~~

26                     (1)     ~~the date on which the last policy in existence on June 1, 2001~~  
 27 ~~expires; or~~

28                     (2)     ~~June 30, 2002.~~

29     ~~SECTION 9. 4. 2. AND BE IT FURTHER ENACTED, That, if the Maryland~~  
 30 ~~Health Care Foundation receives a distribution of public or charitable assets as the~~  
 31 ~~result of an acquisition of a nonprofit health service plan or a nonprofit health~~  
 32 ~~maintenance organization, approved by the Maryland Insurance Administration on or~~  
 33 ~~after June 1, 2001, in accordance with Title 6.5 of the State Government Article; the~~  
 34 ~~Maryland Health Insurance and Assistance Fund established under this Act shall~~  
 35 ~~begin enrolling eligible individuals on or before July 1, 2002.~~

36     ~~SECTION 10. 5. AND BE IT FURTHER ENACTED, That:~~

1 (a) It is the intent of the General Assembly that the Governor include a  
 2 refundable supplemental appropriation in the fiscal year 2002 State budget sufficient  
 3 to cover the administrative and operating costs of the Board of the Maryland Health  
 4 Insurance and Assistance Fund until such time as the Fund receives money from the  
 5 funding sources provided for in this Act; and

6 (b) The Board of the Maryland Health Insurance and Assistance Fund  
 7 shall repay any money appropriated by the Governor in the fiscal year 2002 State  
 8 budget when money sufficient to repay the appropriation and to cover the ongoing  
 9 operating expenses of the Board is deposited in the Fund from the funding sources  
 10 provided for in this Act.

11 SECTION 11. AND BE IT FURTHER ENACTED, That:

12 (a) The Maryland Health Services Cost Review Commission shall  
 13 continue to offer a differential in hospital rates for qualified carriers under the  
 14 Substantial, Available, and Affordable Coverage (SAAC) Program until July 1, 2002;

15 (b) On July 1, 2002, the differential offered under the SAAC Program  
 16 shall terminate; and

17 (c) Each carrier that chooses to discontinue its participation in the SAAC  
 18 Program shall provide written notification to each of its SAAC product enrollees of  
 19 the existence of the Maryland Health Insurance and Assistance Fund and the  
 20 availability of coverage under the Fund.

21 SECTION 12. AND BE IT FURTHER ENACTED, That Sections 1, 2, 3, and 8 of  
 22 this Act shall take effect June 1, 2001.

23 SECTION 13. AND BE IT FURTHER ENACTED, That Sections 5 and 6 of this  
 24 Act shall take effect July 1, 2002.

25 SECTION 14. ~~6.~~ AND BE IT FURTHER ENACTED, That, except as provided in  
 26 Sections 12 and 13 of this Act, this Act shall take effect July 1, 2001

27 (a) (1) There is a Maryland Health Care Trust;

28 (2) The Trust is a body corporate, subject to modification or termination  
 29 by the General Assembly;

30 (3) The purpose of the Trust is to:

31 (i) be of general benefit to the residents of the State;

32 (ii) be charitable in nature; and

33 (iii) to accept and retain moneys for future expenditures to be used to  
 34 implement Acts of the General Assembly, other than the State budget bill, that:

35 1. improve the health status of residents of the State; and



1 modify the law with regard to use of the assets of the Maryland Health Care Trust  
2 created in Section 2 of this Act, through legislation other than the State budget bill.

3 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 June 1, 2001.