

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 701

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(c) 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~~

1 ~~6-101.~~

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

3 (1) a nonprofit health service plan corporation;

4 (2) a fraternal benefit society;

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

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

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

11 (6) the Short Term Prescription Drug Subsidy Plan created under Title
12 15, Subtitle 6 of the Health—General Article; OR

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

15 ~~15-606.~~

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

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

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

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

33 (iii) 1. The last carrier to provide Medicare Plus Choice coverage
34 in medically underserved counties or portions of counties shall use an amount equal
35 to the contribution derived under subparagraph (ii) of this paragraph to provide the
36

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

3 ~~SUBTITLE 5. MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND.~~

4 ~~14-501.~~

5 ~~(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS~~
6 ~~INDICATED.~~

7 ~~(B) "ADMINISTRATOR" MEANS A PERSON THAT IS REGISTERED AS AN~~
8 ~~ADMINISTRATOR UNDER TITLE 8, SUBTITLE 3 OF THIS ARTICLE.~~

9 ~~(C) "BOARD" MEANS THE BOARD FOR THE MARYLAND HEALTH INSURANCE~~
10 ~~AND ASSISTANCE FUND.~~

11 ~~(D) "CARRIER" MEANS:~~

12 ~~(1) AN AUTHORIZED INSURER THAT PROVIDES HEALTH INSURANCE IN~~
13 ~~THE STATE;~~

14 ~~(2) A NONPROFIT HEALTH SERVICE PLAN THAT IS LICENSED TO~~
15 ~~OPERATE IN THE STATE;~~

16 ~~(3) A HEALTH MAINTENANCE ORGANIZATION THAT IS LICENSED TO~~
17 ~~OPERATE IN THE STATE; OR~~

18 ~~(4) EXCEPT FOR A MANAGED CARE ORGANIZATION, AS DEFINED IN~~
19 ~~TITLE 15, SUBTITLE 1 OF THE HEALTH - GENERAL ARTICLE, ANY OTHER PERSON~~
20 ~~THAT PROVIDES HEALTH BENEFIT PLANS SUBJECT TO STATE INSURANCE~~
21 ~~REGULATION.~~

22 ~~(E) "FUND" MEANS THE MARYLAND HEALTH INSURANCE AND ASSISTANCE~~
23 ~~FUND.~~

24 ~~(F) "PLAN OF OPERATION" MEANS THE ARTICLES, BYLAWS, AND OPERATING~~
25 ~~RULES AND PROCEDURES ADOPTED BY THE BOARD IN ACCORDANCE WITH § 14-508~~
26 ~~OF THIS SUBTITLE.~~

27 ~~14-502.~~

28 ~~(A) THERE IS A MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND.~~

29 ~~(B) THE FUND IS AN INDEPENDENT UNIT THAT FUNCTIONS IN THE~~
30 ~~ADMINISTRATION OF ALL STATE UNITS.~~

31 ~~(C) THE PURPOSE OF THE FUND IS TO DECREASE UNCOMPENSATED CARE~~
32 ~~COSTS BY PROVIDING ACCESS TO AFFORDABLE, COMPREHENSIVE HEALTH~~
33 ~~BENEFITS TO MEDICALLY UNINSURABLE AND LOW INCOME RESIDENTS OF THE~~
34 ~~STATE.~~

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 41-203 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 ~~(3) INCURRED LOSSES.~~

2 ~~(C) EACH CARRIER'S ASSESSMENT SHALL BE DETERMINED BY MULTIPLYING~~
3 ~~THE TOTAL ASSESSMENT DETERMINED UNDER SUBSECTION (B) OF THIS SECTION BY~~
4 ~~A FRACTION:~~

5 ~~(1) THE NUMERATOR OF WHICH EQUALS THE CARRIER'S PREMIUM AND~~
6 ~~SUBSCRIBER CONTRACT CHARGES FOR HEALTH INSURANCE WRITTEN IN THE STATE~~
7 ~~DURING THE PRECEDING CALENDAR YEAR; AND~~

8 ~~(2) THE DENOMINATOR OF WHICH EQUALS THE TOTAL OF ALL HEALTH~~
9 ~~INSURANCE PREMIUMS WRITTEN BY ALL CARRIERS.~~

10 ~~(D) IF THE ASSESSMENTS COLLECTED EXCEED THE FUND'S ACTUAL LOSSES~~
11 ~~AND ADMINISTRATIVE EXPENSES THE EXCESS SHALL BE HELD IN AN INTEREST~~
12 ~~BEARING ACCOUNT AND THE EXCESS PLUS INTEREST SHALL BE USED BY THE~~
13 ~~BOARD TO:~~

14 ~~(1) OFFSET FUTURE LOSSES; OR~~

15 ~~(2) REDUCE FUTURE ASSESSMENTS.~~

16 ~~(E) EACH CARRIER SHALL FILE WITH THE BOARD ANNUAL STATEMENTS AND~~
17 ~~OTHER REPORTS DEEMED NECESSARY BY THE BOARD TO CALCULATE AND VERIFY~~
18 ~~AN ASSESSMENT.~~

19 ~~(F) (1) A CARRIER MAY PETITION THE BOARD FOR AN ABATEMENT OR~~
20 ~~DEFERMENT OF AN ASSESSMENT IMPOSED BY THE BOARD IF PAYMENT OF THE~~
21 ~~ASSESSMENT WOULD ENDANGER THE ABILITY OF THE CARRIER TO FULFILL ITS~~
22 ~~CONTRACTUAL OBLIGATIONS.~~

23 ~~(2) IN THE EVENT THAT AN ASSESSMENT IS ABATED OR DEFERRED IN~~
24 ~~ACCORDANCE WITH THIS SUBSECTION, THE AMOUNT OF THE ABATED OR DEFERRED~~
25 ~~ASSESSMENT SHALL BE ASSESSED AGAINST THE OTHER CARRIERS IN A MANNER~~
26 ~~CONSISTENT WITH THE REQUIREMENTS FOR CALCULATING ASSESSMENTS UNDER~~
27 ~~SUBSECTION (C) OF THIS SECTION.~~

28 ~~(3) A CARRIER THAT RECEIVES AN ABATEMENT OR DEFERMENT UNDER~~
29 ~~THIS SUBSECTION SHALL REMAIN LIABLE TO THE FUND FOR THE DEFICIENCY FOR A~~
30 ~~PERIOD OF 4 YEARS.~~

31 **Article – State Finance and Procurement**

32 ~~11-203-~~

33 (a) Except as provided in subsection (b) of this section, this Division II does
34 not apply to:

35 (1) procurement by:

- 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 Forvm 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 (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.