

HOUSE BILL 572

C3, Q3

(71r0454)

ENROLLED BILL

— *Health and Government Operations / Finance* —

Introduced by **Delegates Elliott, Benson, Donoghue, Goldwater, Hammen, Hubbard, Krebs, Kullen, Mizeur, Montgomery, Morhaim, Nathan-Pulliam, Oaks, Pena-Melnyk, Riley, Shewell, Stull, Tarrant, and Weldon**

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 **Health Insurance - ~~Expansion of Coverage~~ Personal Responsibility - Study**

3 ~~FOR the purpose of establishing a Health Insurance Premium Subsidy Program in the~~
4 ~~Department of Health and Mental Hygiene; establishing the purposes,~~
5 ~~eligibility requirements, and subsidy qualifications of the Program; specifying~~
6 ~~the responsibilities of the Department under the Program; establishing a~~
7 ~~Health Insurance Premium Subsidy Fund; establishing the sources and uses of~~
8 ~~funds in the Health Insurance Premium Subsidy Fund; requiring the State~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber / conference committee amendments.



~~Treasurer to invest the money in the Fund in a certain manner; providing that any investment earnings of the Fund shall be retained to the credit of the Fund; requiring expenditures from the Fund to be made only in accordance with the State budget; providing that the Fund is subject to audit by the Office of Legislative Audits; imposing a surcharge on the income tax of certain individuals with income above a certain level; providing that the surcharge does not apply if certain individuals had certain health care coverage or did not reside in the State; providing for certain exceptions; requiring the revenues from the surcharge to be distributed to the Health Insurance Premium Subsidy Fund; requiring an employer to base withholding for certain employees on a certain number of exemptions under certain circumstances; requiring the Secretary of Health and Mental Hygiene, on or before a certain date, to develop and implement an Internet portal to provide coordinated access to health and human services programs and benefits; requiring the Internet portal to include certain elements; requiring the Secretary, on or before a certain date, to make a certain report; requiring the Comptroller to widely publicize the requirements of this Act for a certain purpose; defining certain terms; providing for the application of certain provisions of this Act; providing for a delayed effective date for certain provisions of this Act; and generally relating to expansion of health insurance coverage through a Health Insurance Premium Subsidy Program, an income tax surcharge, and an Internet portal.~~

FOR the purpose of requiring the Maryland Health Care Commission, in consultation with certain other State agencies, to study the issue of personal responsibility for obtaining health care coverage; requiring the study to include certain elements; requiring the Commission to report the results of its study, together with any recommendations, to certain legislative committees; and generally relating to a study of personal responsibility for obtaining health care coverage.

~~BY adding to~~

~~Article — Health — General~~

~~Section 15-701 through 15-705 to be under the new subtitle “Subtitle 7. Health Insurance Premium Subsidy Program”; and Section 15-801 to be under the new subtitle “Subtitle 8. Internet Portal for Coordinated Access to Health and Human Services Programs and Benefits”~~

~~Annotated Code of Maryland~~

~~(2005 Replacement Volume and 2006 Supplement)~~

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

~~Article — Insurance~~

~~Section 15-1301(f)(1)~~

~~Annotated Code of Maryland~~

~~(2006 Replacement Volume and 2006 Supplement)~~

1 ~~BY adding to~~
 2 ~~Article Tax General~~
 3 ~~Section 10 106.2~~
 4 ~~Annotated Code of Maryland~~
 5 ~~(2004 Replacement Volume and 2006 Supplement)~~

6 ~~BY repealing and reenacting, with amendments,~~
 7 ~~Article Tax General~~
 8 ~~Section 10 910(b)~~
 9 ~~Annotated Code of Maryland~~
 10 ~~(2004 Replacement Volume and 2006 Supplement)~~

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

13 ~~Article Health General~~

14 ~~SUBTITLE 7. HEALTH INSURANCE PREMIUM SUBSIDY PROGRAM.~~

15 ~~15-701.~~

16 ~~(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS~~
 17 ~~INDICATED.~~

18 ~~(B) "FUND" MEANS THE HEALTH INSURANCE PREMIUM SUBSIDY~~
 19 ~~FUND.~~

20 ~~(C) "PROGRAM" MEANS THE HEALTH INSURANCE PREMIUM SUBSIDY~~
 21 ~~PROGRAM.~~

22 ~~15-702.~~

23 ~~(A) THERE IS A HEALTH INSURANCE PREMIUM SUBSIDY PROGRAM IN~~
 24 ~~THE DEPARTMENT.~~

25 ~~(B) THE PURPOSES OF THE PROGRAM ARE TO:~~

26 ~~(1) PROVIDE AN INCENTIVE FOR INDIVIDUALS AND FAMILIES~~
 27 ~~WITH MODERATE INCOME TO PURCHASE HEALTH INSURANCE;~~

1 ~~(2) ASSIST INDIVIDUALS AND FAMILIES WITH MODERATE INCOME~~
2 ~~TO AFFORD HEALTH INSURANCE;~~

3 ~~(3) PROMOTE ACCESS TO HEALTH CARE SERVICES,~~
4 ~~PARTICULARLY PREVENTIVE HEALTH CARE SERVICES THAT MIGHT REDUCE~~
5 ~~THE NEED FOR EMERGENCY ROOM CARE AND OTHER ACUTE CARE SERVICES;~~
6 ~~AND~~

7 ~~(4) REDUCE UNCOMPENSATED CARE IN HOSPITALS AND OTHER~~
8 ~~HEALTH CARE SETTINGS.~~

9 ~~(C) FUNDING FOR THE PROGRAM SHALL BE PROVIDED FROM THE~~
10 ~~HEALTH INSURANCE PREMIUM SUBSIDY FUND ESTABLISHED UNDER THIS~~
11 ~~SUBTITLE.~~

12 ~~15-703.~~

13 ~~(A) TO BE ELIGIBLE FOR THE PROGRAM, AN INDIVIDUAL:~~

14 ~~(1) SHALL HAVE HOUSEHOLD INCOME AT OR BELOW 300% OF~~
15 ~~THE FEDERAL POVERTY GUIDELINES;~~

16 ~~(2) MAY NOT HAVE ACCESS TO AN EMPLOYER SPONSORED PLAN~~
17 ~~OR GROUP HEALTH INSURANCE PLAN, EXCEPT UNDER A CONTINUATION OF~~
18 ~~BENEFITS PROVISION;~~

19 ~~(3) MAY NOT HAVE BEEN COVERED BY HEALTH INSURANCE,~~
20 ~~EXCEPT AS A DEPENDENT, FOR AT LEAST 6 CONSECUTIVE MONTHS AT THE TIME~~
21 ~~OF APPLICATION FOR THE PROGRAM;~~

22 ~~(4) SHALL BE A RESIDENT OF THE STATE;~~

23 ~~(5) SHALL AGREE TO PAY INSURANCE PREMIUMS AND ADHERE TO~~
24 ~~OTHER REQUIRED PROVISIONS OF A HEALTH INSURANCE POLICY; AND~~

25 ~~(6) SHALL SATISFY ANY OTHER ELIGIBILITY REQUIREMENTS~~
26 ~~ESTABLISHED BY THE DEPARTMENT.~~

~~(B) AN INDIVIDUAL SHALL REMAIN ELIGIBLE TO PARTICIPATE IN THE PROGRAM, AS LONG AS THE INDIVIDUAL CONTINUES TO MEET THE REQUIREMENTS UNDER SUBSECTION (A) OF THIS SECTION.~~

~~15-704.~~

~~(A) BEGINNING IN JANUARY 2008, THE DEPARTMENT SHALL PROVIDE A SUBSIDY FOR A HEALTH INSURANCE POLICY PURCHASED BY AN INDIVIDUAL WHO MEETS THE ELIGIBILITY REQUIREMENTS OF THIS SUBTITLE.~~

~~(B) THE SUBSIDY SHALL BE PROVIDED THROUGH A VOUCHER ON A MONTHLY BASIS AND:~~

~~(1) FOR AN INDIVIDUAL WITH HOUSEHOLD INCOME AT OR BELOW 225% OF THE FEDERAL POVERTY GUIDELINES, SHALL EQUAL THE LESSER OF:~~

~~(I) 50% OF THE PREMIUM FOR THE HEALTH INSURANCE POLICY; OR~~

~~(II) 1. \$150 FOR INDIVIDUAL COVERAGE; OR~~

~~2. \$300 FOR INDIVIDUAL PLUS SPOUSE, INDIVIDUAL PLUS CHILDREN, OR FAMILY COVERAGE;~~

~~(2) FOR AN INDIVIDUAL WITH HOUSEHOLD INCOME OVER 225% BUT NOT OVER 250% OF THE FEDERAL POVERTY GUIDELINES, SHALL EQUAL THE LESSER OF:~~

~~(I) 40% OF THE PREMIUM FOR THE HEALTH INSURANCE POLICY; OR~~

~~(II) 1. \$125 FOR INDIVIDUAL COVERAGE; OR~~

~~2. \$250 FOR INDIVIDUAL PLUS SPOUSE, INDIVIDUAL PLUS CHILDREN, OR FAMILY COVERAGE;~~

~~(3) FOR AN INDIVIDUAL WITH HOUSEHOLD INCOME OVER 225% BUT NOT OVER 275% OF THE FEDERAL POVERTY GUIDELINES, SHALL EQUAL THE LESSER OF:~~

1 ~~(I) 30% OF THE PREMIUM FOR THE HEALTH INSURANCE~~
 2 ~~POLICY; OR~~

3 ~~(H) 1. \$100 FOR INDIVIDUAL COVERAGE; OR~~
 4 ~~2. \$200 FOR INDIVIDUAL PLUS SPOUSE, INDIVIDUAL~~
 5 ~~PLUS CHILDREN, OR FAMILY COVERAGE; AND~~

6 ~~(4) FOR AN INDIVIDUAL WITH HOUSEHOLD INCOME OVER 275%~~
 7 ~~BUT NOT OVER 300% OF THE FEDERAL POVERTY GUIDELINES, SHALL EQUAL~~
 8 ~~THE LESSER OF:~~

9 ~~(I) 20% OF THE PREMIUM FOR THE HEALTH INSURANCE~~
 10 ~~POLICY; OR~~

11 ~~(H) 1. \$75 FOR INDIVIDUAL COVERAGE; OR~~
 12 ~~2. \$150 FOR INDIVIDUAL PLUS SPOUSE, INDIVIDUAL~~
 13 ~~PLUS CHILDREN, OR FAMILY COVERAGE.~~

14 ~~(C) THE DEPARTMENT SHALL ENROLL THE CHILDREN OF ELIGIBLE~~
 15 ~~INDIVIDUALS IN THE MARYLAND CHILDREN'S HEALTH PROGRAM, TO THE~~
 16 ~~EXTENT THAT THE CHILDREN MEET ELIGIBILITY REQUIREMENTS AND~~
 17 ~~RESOURCES ARE AVAILABLE THROUGH THE ANNUAL STATE BUDGET.~~

18 ~~(D) TO QUALIFY FOR A SUBSIDY UNDER THE PROGRAM, A HEALTH~~
 19 ~~INSURANCE POLICY MUST BE EITHER:~~

20 ~~(1) AN INDIVIDUAL HEALTH BENEFIT PLAN; OR~~

21 ~~(2) A POLICY OR CONTRACT PROVIDED UNDER A CONTINUATION~~
 22 ~~OF BENEFITS PROVISION.~~

23 ~~15-705.~~

24 ~~(A) THERE IS A HEALTH INSURANCE PREMIUM SUBSIDY FUND.~~

25 ~~(B) THE PURPOSE OF THE FUND IS TO SUPPORT THE PROGRAM.~~

26 ~~(C) THE DEPARTMENT SHALL ADMINISTER THE FUND.~~

1 ~~15-1301.~~

- 2 ~~(f) (1) “Creditable coverage” means coverage of an individual under:~~
- 3 ~~(i) an employer sponsored plan;~~
- 4 ~~(ii) a health benefit plan;~~
- 5 ~~(iii) Part A or Part B of Title XVIII of the Social Security Act;~~
- 6 ~~(iv) Title XIX OR TITLE XXI of the Social Security Act, other~~
 7 ~~than coverage consisting solely of benefits under § 1928 of that Act;~~
- 8 ~~(v) Chapter 55 of Title 10 of the United States Code;~~
- 9 ~~(vi) a medical care program of the Indian Health Service or of a~~
 10 ~~tribal organization;~~
- 11 ~~(vii) a State health benefits risk pool;~~
- 12 ~~(viii) a health plan offered under the Federal Employees Health~~
 13 ~~Benefits Program (FEHBP), Title 5, Chapter 89 of the United States Code;~~
- 14 ~~(ix) a public health plan as defined by federal regulations~~
 15 ~~authorized by the Public Health Service Act, § 2701(c)(1)(i), as amended by P.L.~~
 16 ~~104-191; or~~
- 17 ~~(x) a health benefit plan under § 5(c) of the Peace Corps Act, 22~~
 18 ~~U.S.C. 2504(c).~~

19 ~~Article Tax General~~

20 ~~10-106.2.~~

21 ~~(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE~~
 22 ~~MEANINGS INDICATED.~~

23 ~~(2) “APPLICABLE POVERTY INCOME LEVEL” MEANS THE AMOUNT~~
 24 ~~SPECIFIED IN THE POVERTY INCOME STANDARD THAT CORRESPONDS TO THE~~
 25 ~~NUMBER OF EXEMPTIONS THAT THE INDIVIDUAL IS ALLOWED AND CLAIMS~~
 26 ~~UNDER § 10-211(1) OF THIS TITLE.~~

1 ~~(3) "HEALTH CARE COVERAGE" MEANS CREDITABLE COVERAGE~~
2 ~~AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE.~~

3 ~~(4) "POVERTY INCOME STANDARD" MEANS THE MOST RECENT~~
4 ~~POVERTY INCOME GUIDELINES PUBLISHED BY THE UNITED STATES~~
5 ~~DEPARTMENT OF HEALTH AND HUMAN SERVICES, AVAILABLE AS OF JULY 1 OF~~
6 ~~THE TAXABLE YEAR.~~

7 ~~(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND~~
8 ~~SUBSECTIONS (C) AND (D) OF THIS SECTION, IN ADDITION TO THE STATE~~
9 ~~INCOME TAX UNDER § 10-105(A) OF THIS SUBTITLE, IF THE FEDERAL ADJUSTED~~
10 ~~GROSS INCOME OF AN INDIVIDUAL EXCEEDS 500% OF THE APPLICABLE~~
11 ~~POVERTY INCOME LEVEL, THE INDIVIDUAL IS SUBJECT TO A SURCHARGE OF~~
12 ~~\$1,000, UNLESS THE INDIVIDUAL AND EACH DEPENDENT CHILD OF THE~~
13 ~~INDIVIDUAL HAD HEALTH CARE COVERAGE:~~

14 ~~(I) FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR; AND~~

15 ~~(II) ON DECEMBER 31 OF THE TAXABLE YEAR.~~

16 ~~(2) FOR A MARRIED COUPLE FILING A JOINT RETURN, THE~~
17 ~~SURCHARGE UNDER THIS SECTION:~~

18 ~~(I) IS IMPOSED IF THE JOINT FEDERAL ADJUSTED GROSS~~
19 ~~INCOME OF THE MARRIED COUPLE EXCEEDS 500% OF THE APPLICABLE~~
20 ~~POVERTY INCOME LEVEL; AND~~

21 ~~(II) EQUALS:~~

22 ~~1. \$2,000 UNLESS AT LEAST ONE SPOUSE AND EACH~~
23 ~~DEPENDENT CHILD OF THE MARRIED COUPLE HAD HEALTH CARE COVERAGE;~~
24 ~~OR~~

25 ~~2. \$1,000 IF EACH DEPENDENT CHILD OF THE~~
26 ~~MARRIED COUPLE AND EITHER THE HUSBAND OR WIFE, BUT NOT BOTH, HAD~~
27 ~~HEALTH CARE COVERAGE.~~

28 ~~(C) THIS SECTION DOES NOT APPLY TO A NONRESIDENT, INCLUDING A~~
29 ~~NONRESIDENT SPOUSE OR A NONRESIDENT DEPENDENT.~~

1 ~~(D) THE COMPTROLLER SHALL PROVIDE FOR EXCEPTIONS TO~~
2 ~~SUBSECTION (B) OF THIS SECTION FOR INDIVIDUALS:~~

3 ~~(1) JUST ENTERING THE WORKFORCE;~~

4 ~~(2) RECENTLY MOVING INTO THE STATE; OR~~

5 ~~(3) WHO ARE UNEMPLOYED FOR 4 OR MORE CONSECUTIVE~~
6 ~~WEEKS.~~

7 ~~(E) THE TAXPAYER SHALL INDICATE ON THE INCOME TAX RETURN, IN~~
8 ~~THE FORM REQUIRED BY THE COMPTROLLER, THE PRESENCE OF HEALTH CARE~~
9 ~~COVERAGE THAT MEETS THE REQUIREMENTS OF SUBSECTION (B) OF THIS~~
10 ~~SECTION FOR THE INDIVIDUAL, EACH SPOUSE IN THE CASE OF A MARRIED~~
11 ~~COUPLE, AND EACH DEPENDENT CHILD.~~

12 ~~(F) NOTWITHSTANDING § 2-609 OF THIS ARTICLE, AFTER DEDUCTING A~~
13 ~~REASONABLE AMOUNT FOR ADMINISTRATIVE COSTS, THE COMPTROLLER~~
14 ~~SHALL DISTRIBUTE THE REVENUES FROM THE SURCHARGE TO THE HEALTH~~
15 ~~INSURANCE PREMIUM SUBSIDY FUND ESTABLISHED IN § 15-705 OF THE~~
16 ~~HEALTH GENERAL ARTICLE.~~

17 ~~10-910.~~

18 ~~(b) (1) Except as provided in [paragraph (2)] PARAGRAPHS (2) AND (3)~~
19 ~~of this subsection, an employer shall base withholding for an employee:~~

20 ~~(i) on the number of exemptions stated in the exemption~~
21 ~~certificate that the employee files; or~~

22 ~~(ii) if the employee fails to file an exemption certificate or files~~
23 ~~an invalid certificate under subsection (c) of this section, on 1 exemption.~~

24 ~~(2) If the Comptroller notifies an employer that an employee has an~~
25 ~~unpaid tax liability, that the employee failed to file a required Maryland income tax~~
26 ~~return, or that an employee is subject to a tax refund interception request, the~~
27 ~~employer shall base withholding for the employee:~~

28 ~~(i) on a number of exemptions not exceeding the actual number~~
29 ~~of exemptions allowed on the employee's prior year's income tax return, as specified by~~
30 ~~the Comptroller; or~~

1 ~~(4) TOOLS TO HELP SERVICE PROVIDERS LOCATE, TRACK, AND~~
2 ~~MANAGE APPLICATIONS.~~

3 ~~(c) ON OR BEFORE JANUARY 1, 2009, THE SECRETARY SHALL REPORT~~
4 ~~TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE~~
5 ~~GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY, REGARDING THE~~
6 ~~DEVELOPMENT AND IMPLEMENTATION OF THE INTERNET PORTAL.~~

7 ~~SECTION 3. AND BE IT FURTHER ENACTED, That the Comptroller shall~~
8 ~~widely publicize the requirements of this Act to provide an adequate opportunity for~~
9 ~~individuals to obtain health care coverage and avoid a surcharge.~~

10 ~~SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall~~
11 ~~take effect January 1, 2008, and shall be applicable to all taxable years beginning after~~
12 ~~December 31, 2007.~~

13 (a) The Maryland Health Care Commission, in consultation with the
14 Department of Health and Mental Hygiene, the Maryland Insurance Administration,
15 the Health Services Cost Review Commission, and the Office of the Comptroller, shall
16 study the issue of personal responsibility for obtaining health care coverage.

17 (b) The study shall address:

18 (1) the affordability of health insurance, particularly for individuals
19 without employer-sponsored coverage;

20 (2) the need to subsidize health insurance for individuals with low
21 income, in other financially difficult situations, or with health conditions that hinder
22 the purchase of insurance in the commercial market;

23 (3) the use of incentives, such as a child and dependent care tax credit
24 or an income tax surcharge, to encourage individuals to purchase health insurance,
25 and what the level of the incentives would have to be to result in the increased purchase
26 of health insurance;

27 (4) public and private strategies to educate individuals and employers
28 about the importance of health coverage;

29 (5) whether individual responsibility should be accompanied by some
30 form of employer responsibility;

1 (6) enforcement issues, including alternative approaches to the
2 reporting and verification of health care coverage;

3 (7) potential reductions in inpatient and outpatient uncompensated
4 care and government expenditures that may result from various personal
5 responsibility provisions; and

6 (8) the need for religious exemptions from any proposed health care
7 coverage requirement.

8 (c) On or before December 1, 2007, the Commission shall report the findings
9 of its study, together with any recommendations, to the Governor and, in accordance
10 with § 2-1246 of the State Government Article, the Senate Finance Committee and
11 the House Health and Government Operations Committee.

12 SECTION ~~5~~ 2. AND BE IT FURTHER ENACTED, That, ~~except as provided in~~
13 ~~Section 4 of this Act,~~ this Act shall take effect July 1, 2007.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.