

# HOUSE BILL 951

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CF SB 813

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By: **Delegates Hubbard, Ali, Anderson, Benson, Bobo, Bronrott, Frush, Gaines, Glenn, Gutierrez, Guzzone, Haynes, Hucker, Kirk, Manno, Oaks, Ross, F. Turner, and V. Turner**

Introduced and read first time: February 12, 2009

Assigned to: Health and Government Operations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Health Care Affordability Act of 2009**

3 FOR the purpose of establishing a Maryland Institute for Clinical Value; establishing  
4 the purpose of and requirements for the Institute; establishing a Value-Based  
5 Advisory Committee in the Institute; establishing the purpose and composition  
6 of the Committee; establishing a Citizens Advisory Council in the Institute;  
7 establishing the purpose, composition, and responsibilities of the Council;  
8 establishing a Maryland Prevention Trust for Health Promotion in the  
9 Institute; establishing the purpose and responsibilities of the Trust; altering  
10 eligibility requirements for the Maryland Medical Assistance Program;  
11 requiring the Department of Health and Mental Hygiene to collect a certain  
12 premium from certain enrollees; authorizing an individual who is eligible for the  
13 Program and who is offered employer-sponsored insurance to make a certain  
14 election, under certain circumstances; requiring the Program to pay a certain  
15 portion of a health insurance premium or a certain subsidy, under certain  
16 circumstances; establishing an Evidence-Based Prescriber Education and  
17 Outreach Program in the Department; establishing the purpose and  
18 requirements of the Program; requiring the Department, beginning on a certain  
19 date and in consultation with certain health occupation boards, to work with the  
20 University of Maryland School of Pharmacy for a certain purpose; authorizing  
21 the Department to contract with the School of Pharmacy to administer the  
22 Program; authorizing the Department to adopt certain regulations; establishing  
23 an Evidence-Based Prescriber Education and Outreach Program Fund;  
24 establishing the purpose, administration, sources and uses of the Fund;  
25 providing that expenditures from the Fund may be made only in accordance  
26 with the State budget; requiring certain pharmaceutical manufacturers and  
27 labelers to pay a certain fee to the Department; authorizing the Department to  
28 reduce the fee under certain circumstances; requiring the Department to  
29 deposit all fees collected in the Fund; establishing a Maryland Health Insurance

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Pool as an independent unit of State government; establishing the purpose of  
2 the Pool; providing that the exercise by the Pool of certain powers is the  
3 performance of an essential public function; requiring the Pool to be subject to  
4 the State Open Meetings Law and the State Tort Claims Act; exempting the  
5 Pool from certain provisions of State law; establishing a Board of Directors of  
6 the Pool; requiring the Pool to operate subject to the supervision and control of  
7 the Board; providing for the membership of the Board; providing that a member  
8 of the Board is entitled to reimbursement for certain expenses; providing for the  
9 powers, duties, staffing, and election of a chairman and vice-chairman of the  
10 Board; establishing eligibility requirements for participation in the Pool;  
11 requiring, on or before a certain date, the Pool to be the sole mechanism for  
12 creditable coverage for certain individuals and a carrier to only insure or offer to  
13 insure certain individuals as a participating carrier in the Pool; requiring the  
14 Pool to offer certain health benefit plans; establishing certain requirements for  
15 the Board and participating carriers with respect to loss ratios, benefit  
16 packages, issuance, renewal, and rates of health benefit plans offered through  
17 the Pool; requiring the Board, on or before a certain date, to make a certain  
18 determination; authorizing the Board, based on its determination, to take  
19 certain actions with response to certain individuals seeking to enroll in the Pool;  
20 requiring health benefit plans offered through the Pool to incorporate certain  
21 chronic care improvement and preventive health measures; requiring the Pool  
22 to subsidize health benefit plan coverage for certain enrollees; establishing  
23 certain requirements for the subsidy; establishing a Maryland Catastrophic  
24 Reinsurance Benefit Plan; establishing the administration, purpose,  
25 requirements, and funding of the Plan; establishing a Healthy Maryland Fund;  
26 establishing the purpose, administration, sources, and uses of the Fund;  
27 requiring the Board to maintain a separate account within the Fund for the  
28 Senior Prescription Drug Assistance Program; requiring the Board to expend  
29 certain amounts for certain purposes; requiring the Treasurer to invest the  
30 money of the Fund in a certain manner; providing that any investment earnings  
31 of the Fund shall be retained to the credit of the Fund; requiring expenditures  
32 from the Fund to be made only in accordance with the State budget; requiring  
33 an employer to pay to the Secretary of the Department of Labor, Licensing, and  
34 Regulation a certain amount; prohibiting an employer from deducting a certain  
35 payment from the wages of an employee; requiring an employer to make a  
36 certain payment to the Secretary on a certain periodic basis; establishing a  
37 certain penalty for failure to make the payment; requiring the Secretary to  
38 adopt certain regulations and pay certain revenue into the Healthy Maryland  
39 Fund; altering the authorized uses for the Cigarette Restitution Fund;  
40 requiring, beginning in a certain fiscal year, certain revenue realized by the  
41 Fund to be deposited into the Healthy Maryland Fund; altering certain alcoholic  
42 beverage tax rates; requiring certain additional alcoholic beverage tax revenue  
43 to be distributed to the Healthy Maryland Fund; altering certain tobacco tax  
44 rates; specifying the amount of tobacco tax revenue to be distributed to the  
45 General Fund; requiring certain tobacco tax revenue to be distributed to the  
46 Healthy Maryland Fund; imposing a penalty on the income tax of certain  
47 individuals; providing that the penalty does not apply if certain individuals had  
48 certain health care coverage; requiring the Comptroller to provide for certain

1 exceptions for certain individuals; requiring the Board of Directors of the  
2 Maryland Health Insurance Pool to provide certain information to the  
3 Comptroller for a certain purpose; requiring a taxpayer to indicate on the  
4 income tax return the presence of certain health care coverage; requiring the  
5 Comptroller to distribute certain revenues from the penalty to the Healthy  
6 Maryland Fund; providing for the application of the tobacco tax to certain  
7 cigarettes; requiring the Comptroller to publicize certain requirements for a  
8 certain purpose; providing for a delayed effective date for certain provisions of  
9 this Act; making certain conforming changes; defining certain terms; and  
10 generally relating to the Health Care Affordability Act of 2009.

11 BY repealing

12 Article – Insurance  
13 Section 14–501 through 14–509  
14 Annotated Code of Maryland  
15 (2006 Replacement Volume and 2008 Supplement)

16 BY repealing

17 Article – Labor and Employment  
18 Section 8.5–101 through 8.5–107  
19 Annotated Code of Maryland  
20 (2008 Replacement Volume)

21 BY adding to

22 Article – Health – General  
23 Section 13–2801 through 13–2805 to be under the new subtitle “Subtitle 28.  
24 Maryland Institute for Clinical Value”; and 21–2B–01 through 21–2B–04  
25 to be under the new subtitle “Subtitle 2B. Evidence–Based Prescriber  
26 Education and Outreach Program”  
27 Annotated Code of Maryland  
28 (2005 Replacement Volume and 2008 Supplement)

29 BY repealing and reenacting, with amendments,

30 Article – Health – General  
31 Section 15–103(a) and 19–214(d)  
32 Annotated Code of Maryland  
33 (2005 Replacement Volume and 2008 Supplement)

34 BY repealing and reenacting, without amendments,

35 Article – Health – General  
36 Section 19–201(b)  
37 Annotated Code of Maryland  
38 (2005 Replacement Volume and 2008 Supplement)

39 BY repealing and reenacting, with amendments,

40 Article – Insurance  
41 Section 14–510, 14–512(a), and 14–513  
42 Annotated Code of Maryland

1 (2006 Replacement Volume and 2008 Supplement)

2 BY adding to

3 Article – Insurance

4 Section 14–801 through 14–813 to be under the new subtitle “Subtitle 8.

5 Maryland Health Insurance Pool”; and 14–901 and 14–902 to be under

6 the new subtitle “Subtitle 9. Healthy Maryland Fund”

7 Annotated Code of Maryland

8 (2006 Replacement Volume and 2008 Supplement)

9 BY adding to

10 Article – Labor and Employment

11 Section 8.5–101 through 8.5–104

12 Annotated Code of Maryland

13 (2008 Replacement Volume)

14 BY repealing and reenacting, without amendments,

15 Article – State Finance and Procurement

16 Section 7–317(a)

17 Annotated Code of Maryland

18 (2006 Replacement Volume and 2008 Supplement)

19 BY repealing and reenacting, with amendments,

20 Article – State Finance and Procurement

21 Section 7–317(f) and (g)

22 Annotated Code of Maryland

23 (2006 Replacement Volume and 2008 Supplement)

24 BY repealing and reenacting, with amendments,

25 Article – Tax – General

26 Section 2–301, 2–1603, 5–105, and 12–105

27 Annotated Code of Maryland

28 (2004 Replacement Volume and 2008 Supplement)

29 BY adding to

30 Article – Tax – General

31 Section 2–1604 and 10–106.2

32 Annotated Code of Maryland

33 (2004 Replacement Volume and 2008 Supplement)

34 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
35 MARYLAND, That Section(s) 14–501 through 14–509 of Article – Insurance of the  
36 Annotated Code of Maryland be repealed.

37 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 8.5–101  
38 through 8.5–107 of Article – Labor and Employment of the Annotated Code of  
39 Maryland be repealed.

1 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
2 read as follows:

3 **Article - Health - General**

4 **SUBTITLE 28. MARYLAND INSTITUTE FOR CLINICAL VALUE.**

5 **13-2801.**

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

8 (B) "COMMITTEE" MEANS THE VALUE-BASED ADVISORY COMMITTEE.

9 (C) "COUNCIL" MEANS THE CITIZENS ADVISORY COUNCIL.

10 (D) "INSTITUTE" MEANS THE MARYLAND INSTITUTE FOR CLINICAL  
11 VALUE.

12 (E) "TRUST" MEANS THE MARYLAND PREVENTION TRUST FOR HEALTH  
13 PROMOTION.

14 **13-2802.**

15 (A) THERE IS A MARYLAND INSTITUTE FOR CLINICAL VALUE.

16 (B) THE PURPOSE OF THE INSTITUTE IS TO DEVELOP AND IMPLEMENT  
17 POLICIES AND STRATEGIES THAT DIRECT HEALTH CARE SPENDING TOWARDS  
18 SERVICES THAT:

19 (1) ARE EVIDENCE-BASED;

20 (2) PROVIDE SIGNIFICANT BENEFIT AND VALUE TO CONSUMERS;

21 AND

22 (3) IMPROVE PUBLIC HEALTH.

23 (C) TO CARRY OUT ITS PURPOSE THE INSTITUTE SHALL:

24 (1) ADOPT BEST PRACTICES FROM PUBLIC AND PRIVATE PAYERS  
25 AND PURCHASERS;

1           (2)    **USE CLINICAL AND ECONOMIC ASSESSMENTS FROM THE**  
2 **FEDERAL AGENCY FOR HEALTHCARE RESEARCH AND QUALITY, AS WELL AS**  
3 **OTHER PUBLIC AND PRIVATE ORGANIZATIONS;**

4           (3)    **IDENTIFY PRIORITIES FOR IMPLEMENTATION; AND**

5           (4)    **COORDINATE IMPLEMENTATION EFFORTS.**

6           (D) (1)   **THE INSTITUTE SHALL DEVELOP PATIENT COST-SHARING**  
7 **AND PROVIDER REIMBURSEMENT POLICIES FOR HEALTH CARE SERVICES**  
8 **COVERED BY PARTICIPATING CARRIERS IN THE MARYLAND HEALTH**  
9 **INSURANCE POOL UNDER TITLE 14, SUBTITLE 8 OF THE INSURANCE ARTICLE.**

10           (2) (I)   **TO PROMOTE DELIVERY AND UTILIZATION OF HEALTH**  
11 **CARE SERVICES WITH DEMONSTRATED VALUE, PATIENT COST-SHARING FOR**  
12 **EACH HEALTH CARE SERVICE SHALL BE LINKED TO THE COST-EFFECTIVENESS**  
13 **OF THE SERVICE.**

14                   (II)   **PATIENT COST-SHARING FOR HEALTH CARE SERVICES**  
15 **DETERMINED BY THE INSTITUTE AS HIGHLY COST-EFFECTIVE SHALL BE LOWER**  
16 **THAN PATIENT COST-SHARING FOR HEALTH CARE SERVICES DETERMINED BY**  
17 **THE INSTITUTE AS NOT HIGHLY COST-EFFECTIVE.**

18                   (III)   **FOR HEALTH CARE SERVICES THAT ARE EXPERIMENTAL**  
19 **AND WHOSE CLINICAL EFFECTIVENESS IS PROMISING BUT HAS NOT YET BEEN**  
20 **DEMONSTRATED, THE INSTITUTE MAY ESTABLISH PATIENT COST-SHARING**  
21 **THAT ENCOURAGES PARTICIPATION IN CLINICAL TRIALS.**

22                   (IV)   **IN SOME CASES, COVERAGE FOR HEALTH CARE**  
23 **SERVICES THAT ARE EXPERIMENTAL MAY BE AVAILABLE ONLY TO PATIENTS**  
24 **WHO PARTICIPATE IN CLINICAL TRIALS APPROVED BY THE INSTITUTE.**

25           (3)    **THE PROVIDER REIMBURSEMENT POLICIES DEVELOPED BY**  
26 **THE INSTITUTE SHALL REWARD FAVORABLE HEALTH CARE OUTCOMES,**  
27 **QUALITY OF CARE, EFFICIENCY, AND PATIENT SAFETY.**

28           (4)    **A CARRIER THAT SEEKS TO BE A PARTICIPATING CARRIER IN**  
29 **THE MARYLAND HEALTH INSURANCE POOL UNDER TITLE 14, SUBTITLE 8 OF**  
30 **THE INSURANCE ARTICLE SHALL BE REQUIRED TO IMPLEMENT THE POLICIES**  
31 **ESTABLISHED BY THE INSTITUTE AND APPROVED BY THE COMMITTEE.**

32           (5)    **PATIENT COST-SHARING AND PROVIDER REIMBURSEMENT**  
33 **FOR HEALTH CARE SERVICES THAT ARE ELIGIBLE FOR A SUBSIDY FROM THE**  
34 **MARYLAND CATASTROPHIC REINSURANCE BENEFIT PLAN UNDER TITLE 14,**

1 **SUBTITLE 8 OF THE INSURANCE ARTICLE SHALL BE SUBJECT TO THE POLICIES**  
2 **ESTABLISHED BY THE INSTITUTE AND APPROVED BY THE COMMITTEE.**

3 **(E) THE INSTITUTE SHALL IDENTIFY AND FUND RESEARCH**  
4 **INITIATIVES:**

5 **(1) THE RESULTS OF WHICH CAN BE USED TO ESTABLISH AND**  
6 **IMPROVE THE INSTITUTE’S COST-SHARING AND REIMBURSEMENT POLICIES; OR**

7 **(2) THE FINDINGS OF WHICH WILL IMPROVE EFFORTS TO**  
8 **COORDINATE CHRONIC CARE.**

9 **(F) THE INSTITUTE SHALL PUBLICIZE AND DISSEMINATE ITS POLICIES**  
10 **AND STRATEGIES AMONG EMPLOYERS, HEALTH INSURANCE CARRIERS, AND**  
11 **OTHER PUBLIC AND PRIVATE PAYERS.**

12 **(G) (1) TO PROMOTE THE SUCCESS OF ITS VALUE-BASED**  
13 **INITIATIVES, THE INSTITUTE SHALL SUBSIDIZE:**

14 **(I) ELECTRONIC HEALTH RECORD SYSTEMS FOR**  
15 **HOSPITALS AND PHYSICIAN GROUP PRACTICES; AND**

16 **(II) A STATEWIDE HEALTH INFORMATION EXCHANGE.**

17 **(2) (I) THE ELECTRONIC HEALTH RECORD SYSTEMS**  
18 **SUBSIDIZED BY THE INSTITUTE SHALL MEET INSTITUTE GUIDELINES FOR**  
19 **ELECTRONIC CARE MANAGEMENT SYSTEMS.**

20 **(II) THE ELECTRONIC CARE MANAGEMENT SYSTEMS SHALL**  
21 **INCLUDE:**

22 **1. PATIENT AND DISEASE REGISTRIES;**

23 **2. CARE GUIDELINE SUPPORT SYSTEMS; AND**

24 **3. E-PRESCRIBING MODULES.**

25 **(III) THE INSTITUTE GUIDELINES FOR ELECTRONIC CARE**  
26 **MANAGEMENT SYSTEMS SHALL REQUIRE ELECTRONIC HEALTH RECORD**  
27 **SYSTEMS SUBSIDIZED BY THE INSTITUTE TO INCLUDE:**

28 **1. MANAGING REFERRALS;**

1                                   **2.     PROCESSING CLAIMS WITH DIRECT DEPOSIT TO**  
2 **PROVIDER ACCOUNTS;**

3                                   **3.     PROCESSING PATIENT COST-SHARING AMOUNTS**  
4 **WITH DIRECT DEBITS FROM ENROLLEE ACCOUNTS;**

5                                   **4.     DEVELOPING A SHARED MINI-PATIENT RECORD,**  
6 **TO EVENTUALLY BECOME A FULL MEDICAL RECORD;**

7                                   **5.     ORDERING LABORATORY, IMAGING, AND OTHER**  
8 **DIAGNOSTIC TESTS;**

9                                   **6.     PRESCRIBING DRUGS AND DEVICES; AND**

10                                  **7.     REAL-TIME MONITORING OF MEDICAL ERRORS**  
11 **AND QUALITY IMPROVEMENT.**

12                                  **(3)    (I)    THE INSTITUTE SHALL AWARD SUBSIDIES FOR**  
13 **ELECTRONIC HEALTH RECORD SYSTEMS ON A COMPETITIVE APPLICATION**  
14 **BASIS.**

15   **(II)   THE SUBSIDIES SHALL COVER:**

16   **1.     APPROXIMATELY ONE-FOURTH OF THE COST OF**  
17 **AN ELECTRONIC HEALTH RECORD SYSTEM FOR A HOSPITAL; AND**

18   **2.     APPROXIMATELY ONE-HALF OF THE COST OF AN**  
19 **ELECTRONIC HEALTH RECORD SYSTEM FOR A PHYSICIAN GROUP PRACTICE,**  
20 **WITH LARGER GROUP PRACTICES RECEIVING PRIORITY OVER SMALLER GROUP**  
21 **PRACTICES.**

22   **(III)  NOTWITHSTANDING ITEM (II)2 OF THIS PARAGRAPH,**  
23 **THE INSTITUTE SHALL ALSO AWARD SUBSIDIES TO SOLO PRACTITIONERS FOR**  
24 **PARTICIPATION IN A SHARED WEB-BASED ELECTRONIC HEALTH RECORD PILOT**  
25 **PROGRAM DEVELOPED BY THE INSTITUTE.**

26   **(IV)  TO RECEIVE A SUBSIDY, A SOLO PRACTITIONER OR**  
27 **PHYSICIAN GROUP PRACTICE MUST AGREE TO SERVE AS A MEDICAL HOME FOR**  
28 **ENROLLEES RECEIVING COVERAGE THROUGH THE MARYLAND HEALTH**  
29 **INSURANCE POOL.**

30   **(4)    (I)    THE INSTITUTE SHALL SUBSIDIZE THE COST OF A**  
31 **STATEWIDE HEALTH INFORMATION EXCHANGE DURING AN INITIAL 5-YEAR**  
32 **START-UP PERIOD.**



1                   **(II) AFTER THE INITIAL 5-YEAR START-UP PERIOD, THE**  
2 **STATEWIDE HEALTH INFORMATION EXCHANGE SHALL BE FUNDED FROM USER**  
3 **FEES ON PRIVATE INSURERS.**

4 **13-2803.**

5           **(A) THERE IS A VALUE-BASED ADVISORY COMMITTEE IN THE**  
6 **INSTITUTE.**

7           **(B) THE PURPOSE OF THE COMMITTEE IS TO REVIEW AND APPROVE**  
8 **THE POLICIES AND GUIDELINES OF THE INSTITUTE.**

9           **(C) THE COMMITTEE SHALL CONSIST OF INDIVIDUALS, APPOINTED BY**  
10 **THE GOVERNOR, REPRESENTING CONSUMERS, BUSINESS, LABOR, HEALTH**  
11 **CARE PROVIDERS, ECONOMISTS, HEALTH SERVICES RESEARCHERS, AND**  
12 **HEALTH INSURANCE CARRIERS.**

13 **13-2804.**

14           **(A) THERE IS A CITIZENS ADVISORY COUNCIL IN THE INSTITUTE.**

15           **(B) THE PURPOSE OF THE COUNCIL IS TO PROMOTE CITIZEN**  
16 **PARTICIPATION IN HEALTH CARE REFORM EFFORTS, INCLUDING THE DESIGN**  
17 **OF THE PROCESS FOR VALUE-BASED COVERAGE.**

18           **(C) THE COUNCIL SHALL CONSIST OF HEALTH CARE CONSUMERS AND**  
19 **PROVIDERS WHO REFLECT THE RACIAL AND ETHNIC DIVERSITY OF THE STATE'S**  
20 **POPULATION.**

21           **(D) THE COUNCIL SHALL:**

22                   **(1) COORDINATE BENEFICIARY FEEDBACK, INCLUDING:**

23                           **(I) OUTREACH SURVEYS; AND**

24                           **(II) FORMAL FOCUS GROUPS;**

25                           **(2) ESTABLISH A COMPREHENSIVE DISPUTE RESOLUTION**  
26 **PROCESS TO HANDLE ENROLLEE AND PROVIDER COMPLAINTS RELATED TO**  
27 **HEALTH CARE ACCESS, BILLING, PRIVACY, AND QUALITY ISSUES; AND**

1           **(3) PRODUCE ANNUAL RECOMMENDATIONS FOR IMPROVING THE**  
2 **OPERATIONS OVERSEEN BY THE BOARD OF THE MARYLAND HEALTH**  
3 **INSURANCE POOL.**

4 **13-2805.**

5           **(A) THERE IS A MARYLAND PREVENTION TRUST FOR HEALTH**  
6 **PROMOTION IN THE INSTITUTE.**

7           **(B) THE PURPOSE OF THE TRUST IS TO REDUCE HEALTH DISPARITIES**  
8 **BY:**

9                   **(1) IMPLEMENTING CULTURALLY AND LINGUISTICALLY**  
10 **APPROPRIATE HEALTH PREVENTION AND PROMOTION INITIATIVES; AND**

11                   **(2) COLLABORATING WITH AND INTEGRATING ONGOING**  
12 **ACTIVITIES IN PUBLIC AND PRIVATE ORGANIZATIONS.**

13           **(C) TO CARRY OUT ITS PURPOSE, THE TRUST SHALL ALLOCATE FUNDS,**  
14 **AS DESCRIBED IN THIS SECTION, FOR:**

15                   **(1) PUBLIC HEALTH INNOVATION GRANTS IN LOCAL HEALTH**  
16 **DEPARTMENTS;**

17                   **(2) PROGRAMS AND INITIATIVES THAT SEEK TO PREVENT**  
18 **ADDICTION TO ALCOHOL AND OTHER DRUGS;**

19                   **(3) TOBACCO PREVENTION AND CESSATION PROGRAMS;**

20                   **(4) PROGRAMS AND INITIATIVES THAT SEEK TO IMPROVE ACCESS**  
21 **TO MEDICAL CARE BY INCREASING THE SUPPLY OF HEALTH CARE PROVIDERS;**  
22 **AND**

23                   **(5) PROMOTION OF ADVANCE DIRECTIVES.**

24           **(D) THE TRUST SHALL PROVIDE GRANTS TO LOCAL HEALTH**  
25 **DEPARTMENTS FOR PUBLIC HEALTH EFFORTS THAT ADDRESS:**

26                   **(1) OBESITY, CARDIOVASCULAR DISEASE, ALCOHOL AND OTHER**  
27 **DRUG PROBLEMS, AND DIABETES;**

28                   **(2) INJURIES AND VIOLENCE;**

29                   **(3) SEXUALLY TRANSMITTED DISEASES AND HIV; AND**

1           **(4) VACCINATION AGAINST DISEASES.**

2           **(E) THE TRUST SHALL PROVIDE GRANTS TO PROGRAMS AND**  
3 **INITIATIVES THAT SEEK TO PREVENT ADDICTION TO ALCOHOL AND OTHER**  
4 **DRUGS, INCLUDING:**

5           **(1) ALCOHOL AND DRUG ABUSE PREVENTION PROGRAMS IN**  
6 **LOCAL JURISDICTIONS THAT RECEIVE FUNDS FROM THE ALCOHOL AND DRUG**  
7 **ABUSE ADMINISTRATION;**

8           **(2) INITIATIVES THAT TARGET CO-OCCURRING DISORDERS;**

9           **(3) OTHER PROGRAMS THAT PROMOTE THE USE OF**  
10 **EVIDENCE-BASED PREVENTION MEASURES, SUCH AS THOSE RECOGNIZED BY**  
11 **THE FEDERAL CENTERS FOR DISEASE CONTROL AND PREVENTION GUIDE TO**  
12 **COMMUNITY PREVENTIVE SERVICES; AND**

13           **(4) STATEWIDE MEDIA-BASED EDUCATIONAL CAMPAIGNS**  
14 **DIRECTED AT REDUCING ALCOHOL AND OTHER DRUG-RELATED HARM,**  
15 **PARTICULARLY AMONG TEENS.**

16           **(F) THE TRUST SHALL PROVIDE GRANTS TO TOBACCO PREVENTION**  
17 **AND CESSATION PROGRAMS SO THAT TOTAL STATE FUNDS FOR THESE**  
18 **PROGRAMS ATTAIN THE SPENDING LEVEL RECOMMENDED BY THE FEDERAL**  
19 **CENTERS FOR DISEASE CONTROL AND PREVENTION.**

20           **(G) THE TRUST SHALL PROVIDE GRANTS TO ORGANIZATIONS AND**  
21 **PROGRAMS THAT IMPROVE ACCESS TO HEALTH CARE BY INCREASING THE**  
22 **SUPPLY OF HEALTH CARE PROVIDERS, INCLUDING:**

23           **(1) COMMUNITY HEALTH CENTERS;**

24           **(2) LOAN FORGIVENESS PROGRAMS FOR PRIMARY CARE**  
25 **CLINICIANS WHOSE PRACTICE FOCUSES ON UNDERSERVED POPULATIONS IN**  
26 **EITHER RURAL AREAS OR INNER CITIES; AND**

27           **(3) PROGRAMS THAT TRAIN AND UPGRADE THE QUALIFICATIONS**  
28 **OF HEALTH CARE PERSONNEL.**

29           **(H) (1) THE TRUST SHALL PROVIDE FUNDS TO ADDRESS RACIAL,**  
30 **ETHNIC, DISABILITY, AND SOCIOECONOMIC DISPARITIES THAT CONTRIBUTE TO**  
31 **POOR HEALTH OUTCOMES AND PREVENTABLE INCARCERATION IN THE STATE.**

1           **(2) FUNDS SHALL BE PROVIDED TO THE OFFICE OF MINORITY**  
2 **HEALTH AND HEALTH DISPARITIES IN THE DEPARTMENT TO:**

3                   **(I) CREATE A MINORITY AND LOW-INCOME HEALTH**  
4 **REPORT CARD THAT DESCRIBES THE CURRENT HEALTH STATUS OF RACIAL**  
5 **AND ETHNIC MINORITIES AND LOW INCOME PERSONS WITH RESPECT TO:**

6                           **1. COVERAGE;**

7                           **2. ACCESS TO CARE;**

8                           **3. QUALITY OF CARE;**

9                           **4. TREATMENT; AND**

10                           **5. HEALTH OUTCOMES, IN TERMS OF MORBIDITY**  
11 **AND MORTALITY WITH RESPECT TO SPECIFIC HEALTH CONDITIONS; AND**

12                   **(II) IMPROVE DATA COLLECTION FOR RACIAL AND ETHNIC**  
13 **MINORITY GROUPS IN ACCORDANCE WITH THE CATEGORIES IDENTIFIED BY THE**  
14 **FEDERAL OFFICE OF MANAGEMENT AND BUDGET.**

15           **(3) FUNDS SHALL ALSO BE PROVIDED:**

16                   **(I) FOR GRANTS TO HOSPITALS IN UNDERSERVED AREAS**  
17 **AND COMMUNITY HEALTH CENTERS TO DEVELOP OR EXPAND AND OFFER**  
18 **DISEASE-SPECIFIC OR POPULATION-SPECIFIC PROGRAMS TO REDUCE**  
19 **DISPARITIES;**

20                   **(II) TO INCREASE FUNDING FOR HEALTH CARE PROVIDERS**  
21 **FOR TRANSLATION AND OTHER SUPPORT SERVICES TO IMPROVE SERVICES FOR**  
22 **UNDERSERVED POPULATIONS WHOSE PRIMARY LANGUAGE IS OTHER THAN**  
23 **ENGLISH; AND**

24                   **(III) FOR GRANTS TO ESTABLISH A MARYLAND RACIAL AND**  
25 **ETHNIC APPROACHES TO COMMUNITY HEALTH (REACH) COMMUNITY ACTION**  
26 **PROGRAM MODELED AFTER REACH PROGRAMS FUNDED BY THE FEDERAL**  
27 **CENTERS FOR DISEASE CONTROL AND PREVENTION TO IMPLEMENT**  
28 **EVIDENCE-BASED PROGRAMS AND APPROACHES TO ADDRESS DISPARITIES IN**  
29 **THE AREAS OF:**

30                           **1. HEART DISEASE;**

31                           **2. DIABETES;**

- 1                   **3. BREAST CANCER AND CERVICAL CANCER;**  
2                   **4. IMMUNIZATIONS;**  
3                   **5. INFANT MORTALITY; AND**  
4                   **6. HIV/AIDS.**

5                   **(4) TO RECEIVE FUNDS UNDER THIS SUBSECTION, AN APPLICANT**  
6 **SHALL BE A COMMUNITY-BASED PARTNERSHIP THAT OFFERS PROGRAMS THAT**  
7 **WILL IDENTIFY SPECIFIC DISPARITIES AND ENGAGE COMMUNITY**  
8 **ORGANIZATIONS AND RESIDENTS IN IMPLEMENTING RESULTS-ORIENTED**  
9 **STRATEGIES.**

10                  **(I) THE TRUST SHALL PROVIDE FUNDS TO IMPLEMENT THE ADVANCE**  
11 **DIRECTIVES REGISTRY ESTABLISHED UNDER TITLE 5, SUBTITLE 6 OF THIS**  
12 **ARTICLE.**

13 15-103.

14                  (a) (1) The Secretary shall administer the Maryland Medical Assistance  
15 Program.

16                                  (2) The Program:

17    (i) Subject to the limitations of the State budget, shall provide  
18 medical and other health care services for indigent individuals or medically indigent  
19 individuals or both;

20    (ii) Shall provide, subject to the limitations of the State budget,  
21 comprehensive medical and other health care services for all eligible pregnant women  
22 whose family income is at or below 250 percent of the poverty level, as permitted by  
23 the federal law;

24    (iii) Shall provide, subject to the limitations of the State budget,  
25 comprehensive medical and other health care services for all eligible children  
26 currently under the age of 1 whose family income falls below 185 percent of the  
27 poverty level, as permitted by federal law;

28    (iv) Shall provide, subject to the limitations of the State budget,  
29 family planning services to women currently eligible for comprehensive medical care  
30 and other health care under item (ii) of this paragraph for 5 years after the second  
31 month following the month in which the woman delivers her child;

1 (v) Shall provide, subject to the limitations of the State budget,  
2 comprehensive medical and other health care services for all children from the age of 1  
3 year up through and including the age of 5 years whose family income falls below 133  
4 percent of the poverty level, as permitted by the federal law;

5 (vi) Shall provide, subject to the limitations of the State budget,  
6 comprehensive medical care and other health care services for all children who are at  
7 least 6 years of age but are under 19 years of age whose family income falls below 100  
8 percent of the poverty level, as permitted by federal law;

9 (vii) Shall provide, subject to the limitations of the State budget,  
10 comprehensive medical care and other health care services for all legal immigrants  
11 who meet Program eligibility standards and who arrived in the United States before  
12 August 22, 1996, the effective date of the federal Personal Responsibility and Work  
13 Opportunity Reconciliation Act, as permitted by federal law;

14 (viii) Shall provide, subject to the limitations of the State budget  
15 and any other requirements imposed by the State, comprehensive medical care and  
16 other health care services for all legal immigrant children under the age of 18 years  
17 and pregnant women who meet Program eligibility standards and who arrived in the  
18 United States on or after August 22, 1996, the effective date of the federal Personal  
19 Responsibility and Work Opportunity Reconciliation Act;

20 (ix) Beginning on July 1, [2008] **2009**, shall provide, subject to  
21 the limitations of the State budget, and as permitted by federal law, comprehensive  
22 medical care and other health care services for all parents and caretaker relatives:

23 1. Who have a dependent child living in the parents' or  
24 caretaker relatives' home; and

25 2. Whose annual household income is at or below [116]  
26 **300** percent of the poverty level;

27 (x) Beginning on July 1, [2008] **2009**, shall provide, subject to  
28 the limitations of the State budget, and as permitted by federal law, medical care and  
29 other health care services for adults:

30 1. Who do not meet requirements, such as age,  
31 disability, or parent or caretaker relative of a dependent child, for a federal category of  
32 eligibility for Medicaid;

33 2. Whose annual household income is at or below [116]  
34 **200** percent of the poverty level; and

35 3. Who are not enrolled in the federal Medicare  
36 program, as enacted by Title XVIII of the Social Security Act;

1 (xi) May include bedside nursing care for eligible Program  
2 recipients; and

3 (xii) Shall provide services in accordance with funding  
4 restrictions included in the annual State budget bill.

5 (3) Subject to restrictions in federal law or waivers, the Department  
6 may:

7 (i) Impose cost-sharing on Program recipients; and

8 (ii) For adults who do not meet requirements for a federal  
9 category of eligibility for Medicaid:

10 1. Cap enrollment; and

11 2. Limit the benefit package.

12 (4) (I) **SUBJECT TO RESTRICTIONS IN FEDERAL LAW OR**  
13 **WAIVERS, AND SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE**  
14 **DEPARTMENT SHALL COLLECT A PREMIUM OF \$50 PER MONTH FROM EACH**  
15 **ENROLLEE WHO IS A PARENT OR CARETAKER RELATIVE AND:**

16 1. **WHO HAS A DEPENDENT CHILD LIVING IN THE**  
17 **PARENT'S OR CARETAKER RELATIVE'S HOME; AND**

18 2. **WHOSE ANNUAL HOUSEHOLD INCOME IS**  
19 **GREATER THAN 200 BUT NOT MORE THAN 300 PERCENT OF THE POVERTY**  
20 **LEVEL.**

21 (II) **THE PREMIUM REQUIRED UNDER SUBPARAGRAPH (I)**  
22 **OF THIS PARAGRAPH MAY NOT EXCEED 4 PERCENT OF HOUSEHOLD INCOME.**

23 (5) (I) **SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,**  
24 **AN INDIVIDUAL WHO IS ELIGIBLE FOR THE PROGRAM AND WHO IS OFFERED**  
25 **EMPLOYER-SPONSORED HEALTH INSURANCE MAY ELECT TO:**

26 1. **RECEIVE MEDICAL CARE AND OTHER HEALTH**  
27 **CARE SERVICES THROUGH THE PROGRAM; OR**

28 2. **RECEIVE PREMIUM ASSISTANCE FOR THE**  
29 **EMPLOYER-SPONSORED HEALTH INSURANCE.**

30 (II) **TO BE ELIGIBLE FOR PREMIUM ASSISTANCE, THE**  
31 **ACTUARIAL VALUE OF THE BENEFITS IN THE EMPLOYER-SPONSORED HEALTH**

1 **INSURANCE MUST BE AT LEAST EQUIVALENT TO THE ACTUARIAL VALUE OF THE**  
2 **BENEFITS IN A BASIC PLAN UNDER THE MARYLAND HEALTH INSURANCE POOL.**

3 **(III) IF AN INDIVIDUAL WHO IS ELIGIBLE FOR THE PROGRAM**  
4 **IS OFFERED EMPLOYER-SPONSORED HEALTH INSURANCE FROM AN EMPLOYER**  
5 **WITH MORE THAN 100 EMPLOYEES, THE PROGRAM SHALL PAY THE ENTIRE**  
6 **PORTION OF THE HEALTH INSURANCE PREMIUM FOR WHICH THE EMPLOYEE IS**  
7 **RESPONSIBLE.**

8 **(IV) IF AN INDIVIDUAL WHO IS ELIGIBLE FOR THE PROGRAM**  
9 **IS OFFERED EMPLOYER-SPONSORED HEALTH INSURANCE FROM AN EMPLOYER**  
10 **WITH 100 EMPLOYEES OR LESS, THE PROGRAM SHALL PAY THE SUBSIDY FOR**  
11 **WHICH THE INDIVIDUAL IS ELIGIBLE UNDER § 14-811 OF THE INSURANCE**  
12 **ARTICLE.**

13 **(6) AN INDIVIDUAL WITHOUT ACCESS TO EMPLOYER-SPONSORED**  
14 **COVERAGE MAY ELECT TO:**

15 **(I) RECEIVE MEDICAL CARE AND OTHER HEALTH CARE**  
16 **SERVICES THROUGH THE PROGRAM; OR**

17 **(II) RECEIVE PREMIUM ASSISTANCE FOR COVERAGE UNDER**  
18 **THE MARYLAND HEALTH INSURANCE POOL.**

19 19-201.

20 (b) "Commission" means the State Health Services Cost Review Commission.

21 19-214.

22 (d) (1) Each year, the Commission shall assess a uniform, broad-based,  
23 and reasonable amount in hospital rates to:

24 (i) Reflect the aggregate reduction in hospital uncompensated  
25 care realized from the expansion of health care coverage under Chapter 7 of the Acts of  
26 the 2007 Special Session of the General Assembly; and

27 (ii) Operate and administer the Maryland Health Insurance  
28 [Plan] **POOL** established under Title 14, Subtitle [5] **8** of the Insurance Article.

29 (2) (i) For the portion of the assessment under paragraph (1)(i) of  
30 this subsection:

31 1. The Commission shall ensure that the assessment  
32 amount does not exceed the savings realized in averted hospital uncompensated care  
33 from the health care coverage expansion; and



1                   2.     Each hospital shall remit its assessment amount to  
2 the Health Care Coverage Fund established under §15-701 of this article.

3                   (ii)    Any savings realized in averted uncompensated care as a  
4 result of the expansion of health care coverage under Chapter 7 of the Acts of the 2007  
5 Special Session of the General Assembly that are not subject to the assessment under  
6 paragraph (1)(i) of this subsection shall be shared among purchasers of hospital  
7 services in a manner that the Commission determines is most equitable.

8                   (3)     For the portion of the assessment under paragraph (1)(ii) of this  
9 subsection:

10                   (i)     The Commission shall ensure that the assessment:

11                   1.     Shall be included in the reasonable costs of each  
12 hospital when establishing the hospital's rates;

13                   2.     May not be considered in determining the  
14 reasonableness of rates or hospital financial performance under Commission  
15 methodologies; and

16                   3.     May not be less as a percentage of net patient revenue  
17 than the assessment of .8128% that was in existence on July 1, 2007; and

18                   (ii)    Each hospital shall remit monthly one-twelfth of the  
19 amount assessed under paragraph (1)(ii) of this subsection to the [Maryland Health  
20 Insurance Plan] **HEALTHY MARYLAND** Fund established under Title 14, Subtitle [5]  
21 **9** of the Insurance Article, for the purpose of operating and administering the  
22 Maryland Health Insurance [Plan] **POOL**.

23                   (4)     The assessment authorized under paragraph (1) of this subsection  
24 may not exceed 3% in the aggregate of any hospital's total net regulated patient  
25 revenue.

26                   (5)     Funds generated from the assessment under this subsection may  
27 be used only to:

28                   (i)     Supplement coverage under the Medical Assistance Program  
29 beyond the eligibility requirements in existence on January 1, 2008; and

30                   (ii)    Provide funding for the operation and administration of the  
31 Maryland Health Insurance [Plan] **POOL**.

32                   **SUBTITLE 2B. EVIDENCE-BASED PRESCRIBER EDUCATION AND OUTREACH**  
33                   **PROGRAM.**

1 **21-2B-01.**

2 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
3 INDICATED.

4 (B) "FUND" MEANS THE EVIDENCE-BASED PRESCRIBER EDUCATION  
5 AND OUTREACH PROGRAM FUND.

6 (C) "LABELER" MEANS A PERSON THAT:

7 (1) RECEIVES PRESCRIPTION DRUGS OR BIOLOGICAL PRODUCTS  
8 FROM A MANUFACTURER OR WHOLESALE DISTRIBUTOR;

9 (2) REPACKAGES THE PRESCRIPTION DRUGS OR BIOLOGICAL  
10 PRODUCTS FOR LATER RESALE; AND

11 (3) HAS A LABELER CODE FROM THE FEDERAL FOOD AND DRUG  
12 ADMINISTRATION UNDER § 207.20 OF C.F.R., TITLE 21.

13 (D) "PHARMACEUTICAL MANUFACTURER" MEANS A MANUFACTURER,  
14 OR AN AFFILIATE OF A MANUFACTURER, OF PRESCRIPTION DRUGS OR  
15 BIOLOGICAL PRODUCTS.

16 (E) "PROGRAM" MEANS THE EVIDENCE-BASED PRESCRIBER  
17 EDUCATION AND OUTREACH PROGRAM.

18 (F) (1) "STATE HEALTH CARE PROGRAM" MEANS A PROGRAM OR  
19 FACILITY SERVING INDIVIDUALS FOR WHOM THE STATE PURCHASES  
20 PRESCRIPTION DRUGS OR PHARMACEUTICAL SERVICES.

21 (2) "STATE HEALTH CARE PROGRAM" INCLUDES THE MEDICAL  
22 ASSISTANCE PROGRAM, THE STATE EMPLOYEE AND RETIREE HEALTH AND  
23 WELFARE BENEFITS PROGRAM, STATE HOSPITALS, AND STATE CORRECTIONAL  
24 FACILITIES.

25 **21-2B-02.**

26 (A) THERE IS AN EVIDENCE-BASED PRESCRIBER EDUCATION AND  
27 OUTREACH PROGRAM IN THE DEPARTMENT.

28 (B) THE PURPOSE OF THE PROGRAM IS TO IMPROVE HEALTH  
29 OUTCOMES AND REDUCE UNNECESSARY COSTS BY ENSURING THAT HEALTH  
30 CARE PROFESSIONALS HAVE BALANCED AND UNBIASED EVIDENCE-BASED

1 INFORMATION READILY AVAILABLE TO SUPPORT THEIR PRESCRIBING  
2 DECISIONS.

3 (C) BEGINNING APRIL 1, 2011, THE DEPARTMENT, IN CONSULTATION  
4 WITH THE MARYLAND BOARD OF PHYSICIANS AND THE STATE BOARD OF  
5 PHARMACY, AND SUBJECT TO THE AVAILABILITY OF FUNDS:

6 (1) SHALL WORK WITH THE UNIVERSITY OF MARYLAND SCHOOL  
7 OF PHARMACY TO DEVELOP, IMPLEMENT, AND PROMOTE THE PROGRAM; AND

8 (2) MAY CONTRACT WITH THE UNIVERSITY OF MARYLAND  
9 SCHOOL OF PHARMACY TO ADMINISTER THE PROGRAM.

10 (D) THE PROGRAM SHALL PROVIDE HEALTH CARE PROFESSIONALS  
11 AUTHORIZED BY LAW TO PRESCRIBE OR DISPENSE PRESCRIPTION DRUGS WITH  
12 INFORMATION AND EDUCATION:

13 (1) ON THE COMPARATIVE EFFICACY, SAFETY, AND  
14 COST-EFFECTIVENESS OF PRESCRIPTION DRUGS; AND

15 (2) PRIMARILY THROUGH IN-PERSON OUTREACH AND  
16 EDUCATION SESSIONS, ON A ONE-TO-ONE BASIS WHEN PRACTICABLE, IN THE  
17 WORKPLACE OF THE HEALTH CARE PROFESSIONALS.

18 (E) (1) THE PROGRAM SHALL PROVIDE THE INFORMATION AND  
19 EDUCATION UNDER SUBSECTION (D) OF THIS SECTION TO HEALTH CARE  
20 PROFESSIONALS WHO PARTICIPATE IN, CONTRACT WITH, OR ARE REIMBURSED  
21 BY STATE HEALTH CARE PROGRAMS.

22 (2) THE PROGRAM MAY PROVIDE THE INFORMATION AND  
23 EDUCATION UNDER SUBSECTION (D) OF THIS SECTION TO OTHER HEALTH CARE  
24 PROFESSIONALS AS FUNDING PERMITS OR FOR A FEE.

25 (F) THE INFORMATIONAL AND EDUCATIONAL MATERIALS USED IN THE  
26 PROGRAM:

27 (1) SHALL BE BASED ON A BALANCED AND COMPREHENSIVE  
28 REVIEW OF EVIDENCE THAT IS ACCEPTED WITHIN THE PRACTICE OF MEDICINE,  
29 INCLUDING SCIENTIFIC RESEARCH THAT CONFORMS TO THE GENERALLY  
30 ACCEPTED STANDARDS OF EXPERIMENTAL DESIGN, DATA COLLECTION,  
31 ANALYSIS, AND INTERPRETATION; AND

1           **(2) SHALL AIM TO PROVIDE UNBIASED CONTINUING EDUCATION**  
2 **ON THE COMPARATIVE EFFICACY, SAFETY, AND COST-EFFECTIVENESS OF**  
3 **PRESCRIPTION DRUGS.**

4           **(G) THE DEPARTMENT, WORKING WITH THE UNIVERSITY OF**  
5 **MARYLAND SCHOOL OF PHARMACY, SHALL DETERMINE, FOR INDIVIDUALS**  
6 **CONDUCTING OUTREACH AND EDUCATION SESSIONS:**

7           **(1) MINIMUM CLINICAL AND EDUCATIONAL QUALIFICATIONS;**

8           **(2) REQUIRED TRAINING;**

9           **(3) A CODE OF CONDUCT GOVERNING INTERACTIONS WITH**  
10 **HEALTH CARE PROFESSIONALS; AND**

11           **(4) CONFLICT OF INTEREST GUIDELINES.**

12           **(H) THE DEPARTMENT MAY ADOPT REGULATIONS TO CARRY OUT THE**  
13 **REQUIREMENTS OF THIS SUBTITLE.**

14 **21-2B-03.**

15           **(A) THERE IS AN EVIDENCE-BASED PRESCRIBER EDUCATION AND**  
16 **OUTREACH PROGRAM FUND.**

17           **(B) THE PURPOSE OF THE FUND IS TO SUPPORT THE OPERATION OF**  
18 **THE PROGRAM.**

19           **(C) THE DEPARTMENT SHALL ADMINISTER THE FUND.**

20           **(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**  
21 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

22           **(2) THE STATE TREASURER SHALL HOLD THE FUND**  
23 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

24           **(E) THE FUND CONSISTS OF:**

25           **(1) FEES COLLECTED FROM PHARMACEUTICAL MANUFACTURERS**  
26 **AND LABELERS UNDER § 21-2B-04 OF THIS SUBTITLE;**

27           **(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**  
28 **AND**



1            [(b)] (C)        “Eligible individual” means an individual who:

2                    (1)        is a resident of Maryland;

3                    (2)        is a Medicare beneficiary enrolled in the Medicare Part D  
4 Voluntary Prescription Drug Benefit Program or a Medicare Advantage Plan that  
5 provides Part D coverage;

6                    (3)        is not enrolled in a health benefit plan, other than a Medicare Part  
7 D prescription drug plan or a Medicare Advantage Plan, that provides prescription  
8 drug benefits at the time that the individual applies for enrollment in the Program;

9                    (4)        has an annual household income at or below 300% of the federal  
10 poverty guidelines;

11                    (5)        is not eligible for a full federal low-income subsidy under 42 C.F.R.  
12 § 423.772; and

13                    (6)        pays the premium, and copayments or coinsurance, for the  
14 Program.

15            [(c)] (D)        “Enrollee” means an individual enrolled in the Program.

16            (E)        **“FUND” MEANS THE HEALTHY MARYLAND FUND.**

17            [(d)] (F)        “Program” means the Senior Prescription Drug Assistance  
18 Program established under Part II of this subtitle.

19 14–512.

20            (a)        The Program shall:

21                    (1)        provide a prescription drug benefit subsidy, as determined by the  
22 Board, that may pay all or some of the deductibles, coinsurance payments, premiums,  
23 and copayments under the federal Medicare Part D Pharmaceutical Assistance  
24 Program for enrollees of the Program; and

25                    (2)        provide the subsidy to the maximum number of individuals eligible  
26 for enrollment in the Program, subject to the moneys available in the segregated  
27 account under [§ 14–504 of this subtitle] **SUBTITLE 9 OF THIS TITLE.**

28 14–513.

29            (a)        Funds for the Program shall be deposited:

30                    (1)        to a segregated account in the Fund established under [§ 14–504 of  
31 this subtitle] **SUBTITLE 9 OF THIS TITLE;** or

1           (2)    to a separate account for the Program established by the Program  
2 Administrator.

3           (b)    The segregated account shall include:

4           (1)    interest and investment income attributable to Program funds; and

5           (2)    money deposited to the account by a nonprofit health service plan,  
6 in accordance with subsections (c) and (d) of this section.

7           (c)    (1)    On or before April 1, 2003 and quarterly thereafter, the nonprofit  
8 health service plan required to subsidize the Program under § 14–106(d) of this title  
9 shall deposit to the Fund under [§ 14–504 of this subtitle] **SUBTITLE 9 OF THIS**  
10 **TITLE** the amount that is necessary to operate and administer the Program for the  
11 following quarter.

12           (2)    The amount deposited shall be determined by the Board based on  
13 enrollment, expenditures, and revenue for the previous year.

14           (3)    The amount required by the Board under paragraph (2) of this  
15 subsection may not exceed the amounts specified in § 14–106(e) of this title.

16           (4)    The Board shall provide funds to the Administrator, in accordance  
17 with the terms of the contract with the Administrator, for the cost of the State subsidy  
18 and administrative expenses incurred on behalf of the Program.

19           (d)    A nonprofit health service plan shall deposit in the Fund under [§ 14–504  
20 of this subtitle] **SUBTITLE 9 OF THIS TITLE** the amount required under § 14–106.2 of  
21 this title to be used for the purpose of subsidizing the Medicare Part D coverage gap.

22                   **SUBTITLE 8. MARYLAND HEALTH INSURANCE POOL.**

23           **14–801.**

24           (A)    **IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**  
25 **INDICATED.**

26           (B)    **“BOARD” MEANS THE BOARD OF DIRECTORS FOR THE MARYLAND**  
27 **HEALTH INSURANCE POOL.**

28           (C)    **“CARRIER” MEANS:**

29           (1)    **AN INSURER;**

30           (2)    **A NONPROFIT HEALTH SERVICE PLAN; OR**

1           **(3) A HEALTH MAINTENANCE ORGANIZATION.**

2           **(D) “LARGE EMPLOYER” MEANS AN EMPLOYER WITH MORE THAN 100**  
3 **FULL-TIME EMPLOYEES.**

4           **(E) “PLAN” MEANS THE MARYLAND CATASTROPHIC REINSURANCE**  
5 **BENEFIT PLAN.**

6           **(F) “POOL” MEANS THE MARYLAND HEALTH INSURANCE POOL.**

7           **(G) “SMALL EMPLOYER” MEANS AN EMPLOYER WITH AT LEAST TWO BUT**  
8 **NOT MORE THAN 100 FULL-TIME EMPLOYEES.**

9 **14-802.**

10           **(A) THERE IS A MARYLAND HEALTH INSURANCE POOL.**

11           **(B) THE POOL IS AN INDEPENDENT UNIT OF THE STATE GOVERNMENT.**

12           **(C) THE PURPOSE OF THE POOL IS TO ACT AS A MECHANISM FOR**  
13 **PURCHASERS IN THE INDIVIDUAL AND SMALL GROUP INSURANCE MARKETS TO**  
14 **OBTAIN AFFORDABLE HEALTH CARE COVERAGE.**

15           **(D) (1) THE EXERCISE BY THE POOL OF THE POWERS CONFERRED BY**  
16 **THIS SUBTITLE IS THE PERFORMANCE OF AN ESSENTIAL PUBLIC FUNCTION.**

17           **(2) THE POOL SHALL BE SUBJECT TO:**

18                   **(I) THE STATE OPEN MEETINGS LAW, TITLE 10, SUBTITLE**  
19 **5 OF THE STATE GOVERNMENT ARTICLE; AND**

20                   **(II) THE STATE TORT CLAIMS ACT, TITLE 12, SUBTITLE 1**  
21 **OF THE STATE GOVERNMENT ARTICLE.**

22           **(3) THE POOL SHALL BE EXEMPT FROM DIVISION II OF THE**  
23 **STATE FINANCE AND PROCUREMENT ARTICLE.**

24 **14-803.**

25           **(A) THERE IS A BOARD OF DIRECTORS FOR THE POOL.**

26           **(B) THE POOL SHALL OPERATE SUBJECT TO THE SUPERVISION AND**  
27 **CONTROL OF THE BOARD.**



1           **(C) THE BOARD CONSISTS OF THE FOLLOWING MEMBERS:**

2                   **(1) THE SECRETARY OF HEALTH AND MENTAL HYGIENE, OR THE**  
3 **SECRETARY'S DESIGNEE;**

4                   **(2) THE EXECUTIVE DIRECTOR OF THE MARYLAND HEALTH**  
5 **CARE COMMISSION, OR THE EXECUTIVE DIRECTOR'S DESIGNEE;**

6                   **(3) THE EXECUTIVE DIRECTOR OF THE HEALTH SERVICES COST**  
7 **REVIEW COMMISSION, OR THE EXECUTIVE DIRECTOR'S DESIGNEE;**

8                   **(4) THE SECRETARY OF BUDGET AND MANAGEMENT, OR THE**  
9 **SECRETARY'S DESIGNEE;**

10                   **(5) THREE REPRESENTATIVES OF CONSUMERS, APPOINTED BY**  
11 **THE DIRECTOR OF THE HEALTH, EDUCATION, AND ADVOCACY UNIT IN THE**  
12 **OFFICE OF THE ATTORNEY GENERAL;**

13                   **(6) ONE REPRESENTATIVE OF HEALTH INSURANCE CARRIERS IN**  
14 **THE STATE, APPOINTED BY THE COMMISSIONER;**

15                   **(7) ONE REPRESENTATIVE OF INSURANCE PRODUCERS SELLING**  
16 **HEALTH INSURANCE IN THE STATE, APPOINTED BY THE COMMISSIONER;**

17                   **(8) ONE REPRESENTATIVE OF HOSPITALS IN THE STATE,**  
18 **APPOINTED BY THE GOVERNOR;**

19                   **(9) TWO REPRESENTATIVES OF THE INTERESTS OF SMALL**  
20 **BUSINESSES IN THE STATE, AT LEAST ONE OF WHOM IS A MINORITY BUSINESS**  
21 **OWNER, APPOINTED BY THE GOVERNOR;**

22                   **(10) ONE MEMBER IN GOOD STANDING OF THE AMERICAN**  
23 **ACADEMY OF ACTUARIES, APPOINTED BY THE GOVERNOR;**

24                   **(11) ONE HEALTH ECONOMIST, APPOINTED BY THE GOVERNOR;**

25                   **(12) ONE EMPLOYEE HEALTH BENEFIT PLAN SPECIALIST,**  
26 **APPOINTED BY THE GOVERNOR; AND**

27                   **(13) TWO REPRESENTATIVES OF ORGANIZED LABOR, APPOINTED**  
28 **BY THE GOVERNOR.**

29           **(D) (1) THE TERM OF AN APPOINTED MEMBER IS 4 YEARS.**

1           **(2) THE TERMS OF APPOINTED MEMBERS ARE STAGGERED.**

2           **(3) AT THE END OF A TERM A MEMBER CONTINUES TO SERVE**  
3 **UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.**

4           **(4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN**  
5 **SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS**  
6 **APPOINTED AND QUALIFIES.**

7           **(5) A MEMBER WHO SERVES TWO CONSECUTIVE FULL 4-YEAR**  
8 **TERMS MAY NOT BE REAPPOINTED FOR 4 YEARS AFTER COMPLETION OF THOSE**  
9 **TERMS.**

10           **(6) WHEN APPOINTING A MEMBER TO FILL A VACANCY DUE TO**  
11 **THE EXPIRATION OF A MEMBER'S TERM, THE GOVERNOR SHALL GIVE**  
12 **CONSIDERATION TO APPOINTMENTS THAT PROMOTE THE RACIAL, GENDER, AND**  
13 **GEOGRAPHIC DIVERSITY OF THE BOARD.**

14           **(7) THE GOVERNOR MAY REMOVE A MEMBER FOR NEGLECT OF**  
15 **DUTY, INCOMPETENCE, OR MISCONDUCT.**

16           **(E) A MEMBER OF THE BOARD MAY NOT RECEIVE COMPENSATION AS A**  
17 **MEMBER OF THE BOARD BUT IS ENTITLED TO REIMBURSEMENT FOR EXPENSES**  
18 **UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE**  
19 **STATE BUDGET.**

20           **(F) ANNUALLY, THE BOARD SHALL ELECT A CHAIR AND A VICE-CHAIR**  
21 **FROM AMONG ITS MEMBERS.**

22           **(G) (1) A MAJORITY OF THE FULL AUTHORIZED MEMBERSHIP OF THE**  
23 **BOARD IS A QUORUM.**

24           **(2) THE DECISION OF THE BOARD SHALL BE BY A MAJORITY OF**  
25 **THE QUORUM PRESENT AND VOTING.**

26 **14-804.**

27           **(A) (1) THE BOARD SHALL APPOINT AN EXECUTIVE DIRECTOR WHO**  
28 **SHALL BE THE CHIEF ADMINISTRATIVE OFFICER OF THE POOL.**

29           **(2) THE EXECUTIVE DIRECTOR SHALL SERVE AT THE PLEASURE**  
30 **OF THE BOARD.**

1           **(3) THE BOARD SHALL DETERMINE THE APPROPRIATE**  
2 **COMPENSATION FOR THE EXECUTIVE DIRECTOR.**

3           **(4) UNDER THE DIRECTION OF THE BOARD, THE EXECUTIVE**  
4 **DIRECTOR SHALL PERFORM ANY DUTY OR FUNCTION THAT IS NECESSARY FOR**  
5 **THE OPERATION OF THE POOL.**

6           **(B) (1) THE EXECUTIVE DIRECTOR MAY EMPLOY A STAFF FOR THE**  
7 **POOL IN ACCORDANCE WITH THE STATE BUDGET.**

8           **(2) STAFF FOR THE POOL ARE IN THE EXECUTIVE SERVICE,**  
9 **MANAGEMENT SERVICE, OR ARE SPECIAL APPOINTMENTS IN THE STATE**  
10 **PERSONNEL MANAGEMENT SYSTEM.**

11           **(3) THE EXECUTIVE DIRECTOR, IN CONSULTATION WITH THE**  
12 **DEPARTMENT OF BUDGET AND MANAGEMENT, MAY DETERMINE THE**  
13 **APPROPRIATE JOB CLASSIFICATIONS AND GRADES FOR ALL STAFF.**

14 **14-805.**

15           **(A) IN ADDITION TO THE POWERS SET FORTH ELSEWHERE IN THIS**  
16 **SUBTITLE, THE BOARD MAY:**

17           **(1) ADOPT REGULATIONS TO CARRY OUT THE PROVISIONS OF**  
18 **THIS SUBTITLE;**

19           **(2) CREATE COMMITTEES FROM AMONG ITS MEMBERS;**

20           **(3) APPOINT ADVISORY COMMITTEES, WHICH MAY INCLUDE**  
21 **INDIVIDUALS AND REPRESENTATIVES OF INTERESTED PUBLIC OR PRIVATE**  
22 **ORGANIZATIONS;**

23           **(4) APPLY FOR AND ACCEPT ANY FUNDS, PROPERTY, OR**  
24 **SERVICES FROM ANY PERSON OR GOVERNMENT AGENCY;**

25           **(5) MAKE AGREEMENTS WITH A GRANTOR OR PAYOR OF FUNDS,**  
26 **PROPERTY, OR SERVICES, INCLUDING AN AGREEMENT TO MAKE ANY STUDY,**  
27 **PLAN, DEMONSTRATION, OR PROJECT;**

28           **(6) PUBLISH AND GIVE OUT ANY INFORMATION THAT RELATES TO**  
29 **AFFORDABLE HEALTH CARE COVERAGE THAT IS CONSIDERED DESIRABLE IN**  
30 **THE PUBLIC INTEREST; AND**

1           (7) SUBJECT TO THE LIMITATIONS OF THIS SUBTITLE, EXERCISE  
2 ANY OTHER POWER THAT IS REASONABLY NECESSARY TO CARRY OUT THE  
3 PURPOSES OF THIS SUBTITLE.

4           (B) IN ADDITION TO THE DUTIES SET FORTH ELSEWHERE IN THIS  
5 SUBTITLE, THE BOARD SHALL:

6           (1) ADOPT RULES AND REGULATIONS THAT RELATE TO ITS  
7 MEETINGS, MINUTES, AND TRANSACTIONS;

8           (2) KEEP MINUTES OF EACH MEETING;

9           (3) PREPARE ANNUALLY A BUDGET PROPOSAL THAT INCLUDES  
10 THE ESTIMATED INCOME OF THE BOARD AND PROPOSED EXPENSES FOR ITS  
11 ADMINISTRATION AND OPERATION; AND

12           (4) ON OR BEFORE OCTOBER 1 OF EACH YEAR, SUBMIT TO THE  
13 GOVERNOR, THE SECRETARY OF HEALTH AND MENTAL HYGIENE, AND, IN  
14 ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE  
15 GENERAL ASSEMBLY AN ANNUAL REPORT ON THE OPERATIONS AND ACTIVITIES  
16 OF THE BOARD.

17 **14-806.**

18           (A) ELIGIBILITY FOR PARTICIPATION IN THE POOL SHALL BE  
19 AVAILABLE TO:

20           (1) INDIVIDUALS WITHOUT ACCESS TO EMPLOYER-SPONSORED  
21 COVERAGE;

22           (2) SMALL EMPLOYERS;

23           (3) SUBJECT TO SUBSECTION (B) OF THIS SECTION, LARGE  
24 EMPLOYERS; AND

25           (4) THE DEPENDENTS OF INDIVIDUALS ELIGIBLE FOR  
26 PARTICIPATION UNDER ITEMS (1) THROUGH (3) OF THIS SUBSECTION.

27           (B) A LARGE EMPLOYER SHALL BE ELIGIBLE FOR PARTICIPATION IN  
28 THE POOL IF:

29           (1) THE EMPLOYER AGREES NOT TO OFFER ANY SEPARATE OR  
30 COMPETING HEALTH BENEFIT PLAN TO ITS EMPLOYEES; OR

1           **(2) THE COVERAGE OFFERED BY THE LARGE EMPLOYER TO ITS**  
2 **EMPLOYEES DOES NOT PROVIDE BENEFITS THAT ARE AT LEAST ACTUARIALLY**  
3 **EQUIVALENT TO THE BENEFITS IN THE BASIC PLAN OFFERED THROUGH THE**  
4 **POOL.**

5 **14-807.**

6           **BEGINNING JANUARY 1, 2011:**

7           **(1) THE POOL SHALL BE THE SOLE MECHANISM FOR CREDITABLE**  
8 **COVERAGE FOR:**

9                   **(I) AN INDIVIDUAL WITHOUT ACCESS TO**  
10 **EMPLOYER-SPONSORED COVERAGE; AND**

11                   **(II) EMPLOYEES OF SMALL EMPLOYERS; AND**

12           **(2) A CARRIER MAY ONLY INSURE OR OFFER TO INSURE AN**  
13 **INDIVIDUAL WITHOUT ACCESS TO EMPLOYER-SPONSORED COVERAGE OR AN**  
14 **EMPLOYEE OF A SMALL EMPLOYER AS A PARTICIPATING CARRIER IN THE POOL.**

15 **14-808.**

16           **(A) THE POOL SHALL OFFER, THROUGH ITS PARTICIPATING CARRIERS,**  
17 **MULTIPLE HEALTH BENEFIT PLANS FOR CHOICE BY INDIVIDUAL ENROLLEES.**

18           **(B) THE POOL SHALL CLASSIFY EACH HEALTH BENEFIT PLAN AS:**

19                   **(1) A BASIC PLAN;**

20                   **(2) A TYPICAL PLAN; OR**

21                   **(3) A GENEROUS PLAN.**

22           **(C) A BASIC PLAN, A TYPICAL PLAN, AND A GENEROUS PLAN SHALL BE**  
23 **DIFFERENTIATED BY THE BENEFIT PACKAGE, PROVIDER NETWORK**  
24 **RESTRICTIONS, PREMIUM, AND COST-SHARING INCLUDED UNDER THE PLAN.**

25           **(D) THE BOARD:**

26                   **(1) SHALL REQUIRE EACH PARTICIPATING CARRIER TO OFFER AT**  
27 **LEAST A BASIC PLAN; AND**

1           **(2) MAY REQUIRE EACH PARTICIPATING CARRIER TO OFFER**  
2 **OTHER HEALTH BENEFIT PLANS, IN ADDITION TO A BASIC PLAN.**

3           **(E) THE BOARD SHALL:**

4                 **(1) STANDARDIZE THE MINIMUM BENEFIT PACKAGE FOR A BASIC**  
5 **PLAN, A TYPICAL PLAN, AND A GENEROUS PLAN;**

6                 **(2) REQUIRE EACH HEALTH BENEFIT PLAN TO MEET**  
7 **BOARD-ESTABLISHED STANDARDS FOR VALUE-BASED INSURANCE DESIGN; AND**

8                 **(3) SPECIFY PREVENTIVE SERVICES AND CHRONIC DISEASE**  
9 **MANAGEMENT SERVICES THAT ARE EXEMPT FROM ANY DEDUCTIBLE REQUIRED**  
10 **BY A HEALTH BENEFIT PLAN.**

11           **(F) (1) THE BOARD SHALL DETERMINE THE MINIMUM ACTUARIAL**  
12 **VALUE AND MAXIMUM OUT-OF-POCKET AMOUNTS THAT MAY BE ESTABLISHED**  
13 **IN A BASIC PLAN.**

14                 **(2) A BASIC PLAN SHALL BE:**

15                         **(I) A TIGHTLY MANAGED HEALTH MAINTENANCE**  
16 **ORGANIZATION; OR**

17                         **(II) A PREFERRED PROVIDER PLAN WHOSE ACTUARIAL**  
18 **VALUE IS EQUIVALENT TO THE ACTUARIAL VALUE OF A TIGHTLY MANAGED**  
19 **HEALTH MAINTENANCE ORGANIZATION.**

20 **14-809.**

21           **(A) A PARTICIPATING CARRIER SHALL DISCLOSE TO THE BOARD THE**  
22 **MEDICAL LOSS RATIO EXPERIENCED ACROSS ALL THE HEALTH BENEFIT PLANS**  
23 **THE PARTICIPATING CARRIER OFFERS THROUGH THE POOL.**

24           **(B) ON ENROLLMENT IN THE POOL AND ANNUALLY THEREAFTER, THE**  
25 **BOARD SHALL MAKE AVAILABLE TO ENROLLEES THE FOLLOWING INFORMATION**  
26 **ABOUT EACH HEALTH BENEFIT PLAN OFFERED THROUGH THE POOL:**

27                         **(1) THE BENEFIT PACKAGE;**

28                         **(2) PROVIDER NETWORK RESTRICTIONS;**

29                         **(3) THE PREMIUM;**

1           (4)    **ENROLLEE COST-SHARING;**

2           (5)    **WHETHER THE HEALTH BENEFIT PLAN IS CLASSIFIED AS A**  
3 **BASIC, TYPICAL, OR GENEROUS PLAN; AND**

4           (6)    **THE MEDICAL LOSS RATIO.**

5           **(C) THE BOARD MAY AUDIT THE RECORDS SUPPORTING THE**  
6 **CALCULATION OF A MEDICAL LOSS RATIO SUBMITTED BY A PARTICIPATING**  
7 **CARRIER TO DETERMINE THE ACCURACY OF THE CALCULATION.**

8           **(D) ON OR BEFORE JANUARY 1, 2016, THE BOARD SHALL:**

9           **(1) REVIEW THE MEDICAL LOSS RATIOS REPORTED BY**  
10 **PARTICIPATING CARRIERS;**

11           **(2) DETERMINE WHETHER THE MEDICAL LOSS RATIOS ARE**  
12 **INDICATIVE OF AN EFFICIENT AND COMPETITIVE HEALTH INSURANCE**  
13 **ENVIRONMENT;**

14           **(3) DETERMINE WHETHER A PUBLIC HEALTH BENEFIT PLAN**  
15 **OPTION IS FEASIBLE AND DESIRABLE TO IMPROVE EFFICIENCY AND**  
16 **COMPETITION IN THE POOL; AND**

17           **(4) REPORT ITS FINDINGS TO THE GOVERNOR, THE SECRETARY**  
18 **OF HEALTH AND MENTAL HYGIENE, AND, IN ACCORDANCE WITH § 2-1246 OF**  
19 **THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.**

20 **14-810.**

21           **(A) (1) EACH HEALTH BENEFIT PLAN OFFERED THROUGH THE POOL**  
22 **SHALL BE OFFERED ON A GUARANTEED-ISSUE AND GUARANTEED-RENEWAL**  
23 **BASIS, SUBJECT TO REQUIREMENTS ESTABLISHED BY THE BOARD.**

24           **(2) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A**  
25 **PARTICIPATING CARRIER MAY NOT IMPOSE A PREEXISTING CONDITION**  
26 **LIMITATION ON OR MEDICALLY UNDERWRITE COVERAGE.**

27           **(B) (1) THE RATE ESTABLISHED BY A PARTICIPATING CARRIER FOR**  
28 **THE HEALTH BENEFIT PLANS THE PARTICIPATING CARRIER OFFERS THROUGH**  
29 **THE POOL SHALL BE A COMMUNITY RATE.**

30           **(2) IN ESTABLISHING THE COMMUNITY RATE FOR ITS HEALTH**  
31 **BENEFIT PLANS, A PARTICIPATING CARRIER SHALL USE A RATING**

1 **METHODOLOGY THAT IS BASED ON THE EXPERIENCE OF ALL RISKS COVERED BY**  
2 **ALL OF THE HEALTH BENEFIT PLANS THE PARTICIPATING CARRIER OFFERS**  
3 **THROUGH THE POOL, WITHOUT REGARD TO HEALTH STATUS OR OCCUPATION**  
4 **OR ANY OTHER FACTOR NOT SPECIFICALLY AUTHORIZED UNDER THIS**  
5 **SUBSECTION.**

6 **(3) A PARTICIPATING CARRIER MAY ADJUST THE COMMUNITY**  
7 **RATE ONLY FOR AGE.**

8 **(4) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, A**  
9 **PARTICIPATING CARRIER MAY CHARGE A RATE THAT IS 50% ABOVE OR BELOW**  
10 **THE COMMUNITY RATE.**

11 **(5) NOTWITHSTANDING PARAGRAPHS (3) AND (4) OF THIS**  
12 **SUBSECTION, RATES FOR A HEALTH BENEFIT PLAN MAY VARY BASED ON FAMILY**  
13 **COMPOSITION.**

14 **(C) A PARTICIPATING CARRIER SHALL DEVELOP A PREMIUM**  
15 **STRUCTURE FOR EACH HEALTH BENEFIT PLAN BASED ON:**

16 **(1) THE COMMUNITY RATE;**

17 **(2) THE ACTUARIAL VALUE OF COVERED BENEFITS;**

18 **(3) ENROLLEE COST-SHARING; AND**

19 **(4) THE PROVIDER NETWORK.**

20 **(D) (1) ON OR BEFORE JANUARY 1, 2016, THE BOARD SHALL**  
21 **DETERMINE WHETHER ADVERSE SELECTION IS OCCURRING IN THE HEALTH**  
22 **BENEFIT PLANS OFFERED THROUGH THE POOL AND HAVING AN ADVERSE**  
23 **IMPACT ON THE POOL.**

24 **(2) IF THE BOARD DETERMINES THAT ADVERSE SELECTION IS**  
25 **OCCURRING AND HAVING AN ADVERSE IMPACT ON THE POOL, THE BOARD MAY,**  
26 **WITH RESPECT TO AN INDIVIDUAL WHO SEEKS TO ENROLL IN THE POOL AFTER**  
27 **A BREAK IN CREDITABLE COVERAGE EXCEEDING 63 DAYS:**

28 **(I) ESTABLISH AN ANNUAL OPEN ENROLLMENT PERIOD**  
29 **FOR OBTAINING COVERAGE THROUGH THE POOL;**

30 **(II) IMPOSE A SURCHARGE OF UP TO 5% OF PREMIUM; OR**



1 (III) IMPOSE A PREEXISTING CONDITION LIMITATION, NOT  
2 TO EXCEED 6 MONTHS, FOR NONEMERGENCY SERVICES.

3 14-811.

4 (A) HEALTH BENEFIT PLANS OFFERED THROUGH THE POOL SHALL  
5 INCORPORATE CHRONIC CARE IMPROVEMENT AND PREVENTIVE HEALTH  
6 MEASURES, INCLUDING:

7 (1) A PATIENT-CENTERED MEDICAL HOME FOR BENEFICIARIES;

8 (2) CULTURALLY AND LINGUISTICALLY APPROPRIATE CHRONIC  
9 CARE MANAGEMENT PROGRAMS;

10 (3) FINANCIAL INCENTIVES FOR ENROLLEES TO:

11 (I) COMPLETE A HEALTH RISK ASSESSMENT;

12 (II) PARTICIPATE IN A CHRONIC CARE MANAGEMENT  
13 PROGRAM; OR

14 (III) COMPLETE A SMOKING CESSATION OR WEIGHT-LOSS  
15 PROGRAM; AND

16 (4) FINANCIAL INCENTIVES FOR HEALTH CARE PROVIDERS TO  
17 PROPERLY DIAGNOSE AND MANAGE CHRONIC HEALTH CARE CONDITIONS,  
18 INCLUDING OBESITY.

19 (B) A HEALTH CARE PROVIDER WHO PARTICIPATES IN A  
20 PATIENT-CENTERED MEDICAL HOME INITIATIVE DESIGNATED BY THE  
21 INSTITUTE FOR CLINICAL VALUE SHALL BE ELIGIBLE FOR ADDITIONAL  
22 REIMBURSEMENT.

23 14-812.

24 (A) THE POOL SHALL SUBSIDIZE HEALTH BENEFIT PLAN COVERAGE  
25 FOR ENROLLEES:

26 (1) WITH FAMILY INCOME THAT IS LESS THAN 400% OF FEDERAL  
27 POVERTY GUIDELINES; AND

28 (2) WHO ARE:

1 (I) INDIVIDUALS WITHOUT ACCESS TO  
2 EMPLOYER-SPONSORED COVERAGE WHO ARE NOT EMPLOYED BY A LARGE  
3 EMPLOYER; OR

4 (II) EMPLOYED BY A SMALL EMPLOYER THAT PARTICIPATES  
5 IN THE POOL.

6 (B) THE POOL MAY NOT SUBSIDIZE HEALTH BENEFIT PLAN COVERAGE  
7 FOR ENROLLEES WHO DO NOT MEET THE REQUIREMENTS OF SUBSECTION (A)  
8 OF THIS SECTION.

9 (C) FOR AN ENROLLEE WITH FAMILY INCOME THAT IS LESS THAN 300%  
10 OF FEDERAL POVERTY GUIDELINES, THE SUBSIDY SHALL EQUAL 50% OF THE  
11 AVERAGE PREMIUM FOR THE ENROLLEE'S AGE IN A HEALTH BENEFIT PLAN  
12 THAT IS CLASSIFIED AS A TYPICAL PLAN.

13 (D) FOR AN ENROLLEE WITH FAMILY INCOME THAT IS AT LEAST 300%  
14 BUT LESS THAN 400% OF FEDERAL POVERTY GUIDELINES, THE SUBSIDY SHALL  
15 EQUAL 25% OF THE AVERAGE PREMIUM FOR THE ENROLLEE'S AGE IN A HEALTH  
16 BENEFIT PLAN THAT IS CLASSIFIED AS A BASIC PLAN.

17 (E) AN ENROLLEE WHO IS ELIGIBLE FOR A SUBSIDY MAY ENROLL IN  
18 ANY HEALTH BENEFIT PLAN OFFERED THROUGH THE POOL.

19 14-813.

20 (A) THERE IS A MARYLAND CATASTROPHIC REINSURANCE BENEFIT  
21 PLAN.

22 (B) THE PLAN SHALL BE ADMINISTERED BY THE BOARD.

23 (C) THE PURPOSE OF THE PLAN IS TO MAKE HEALTH INSURANCE MORE  
24 AFFORDABLE BY REMOVING A PORTION OF THE COST OF HIGH-COST HEALTH  
25 CARE FROM THE HEALTH INSURANCE PREMIUM.

26 (D) PARTICIPATION IN THE PLAN SHALL BE MANDATORY FOR:

27 (1) ALL CARRIERS ISSUING HEALTH BENEFIT PLANS IN THE  
28 STATE;

29 (2) THE STATE EMPLOYEE AND RETIREE HEALTH AND WELFARE  
30 BENEFITS PROGRAM;

31 (3) COUNTY EMPLOYEE HEALTH BENEFITS PROGRAMS; AND

1           **(4) COUNTY SCHOOL SYSTEM EMPLOYEE HEALTH BENEFITS**  
2 **PROGRAMS.**

3           **(E) PARTICIPATION IN THE PLAN IS VOLUNTARY FOR SELF-INSURED**  
4 **PLANS.**

5           **(F) THE BOARD SHALL CONTRACT WITH PRIVATE REINSURANCE**  
6 **CARRIERS TO PROVIDE REINSURANCE BENEFITS THROUGH THE PLAN.**

7           **(G) REINSURANCE BENEFITS SHALL BE DESIGNED TO REDUCE THE**  
8 **COST OF HEALTH INSURANCE PREMIUMS BY 10%.**

9           **(H) REINSURANCE BENEFITS SHALL INCLUDE:**

10           **(1) SUBSIDIES FOR HEALTH INSURANCE CLAIMS THAT EXCEED**  
11 **SPECIFIED ATTACHMENT POINTS ESTABLISHED BY THE BOARD; AND**

12           **(2) CASE MANAGEMENT SERVICES FOR INDIVIDUALS WHOSE**  
13 **HEALTH CARE COSTS INDICATE A NEED FOR THE SERVICES.**

14           **(I) THE BOARD SHALL ESTABLISH:**

15           **(1) ELIGIBILITY REQUIREMENTS FOR EMPLOYEES AND**  
16 **DEPENDENTS OF EMPLOYEES OF SELF-INSURED PLANS FOR COVERAGE OF**  
17 **CLAIMS UNDER THE PLAN;**

18           **(2) THE ATTACHMENT POINTS AT WHICH A REINSURANCE**  
19 **BENEFIT APPLIES;**

20           **(3) THE SHARE OF COSTS ABOVE THE ATTACHMENT POINTS TO BE**  
21 **COVERED BY THE PLAN;**

22           **(4) ANY MAXIMUM COST TO BE COVERED BY THE PLAN;**

23           **(5) THE HEALTH BENEFIT PLANS AND SERVICES FOR WHICH**  
24 **CLAIMS MAY BE REINSURED THROUGH THE PLAN;**

25           **(6) REQUIREMENTS FOR CASE MANAGEMENT SERVICES TO BE**  
26 **PROVIDED THROUGH THE PLAN; AND**

27           **(7) ANY OTHER REQUIREMENTS FOR PARTICIPATION IN OR**  
28 **COVERAGE UNDER THE PLAN.**



1           **(3) REVENUE DISTRIBUTED TO THE FUND FROM THE TOBACCO**  
2 **TAX AS PROVIDED UNDER § 2-1604 OF THE TAX – GENERAL ARTICLE;**

3           **(4) REVENUE DISTRIBUTED TO THE FUND FROM TOBACCO**  
4 **SETTLEMENT STRATEGIC CONTRIBUTION PAYMENTS AS PROVIDED UNDER §**  
5 **7-317 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;**

6           **(5) REVENUE DISTRIBUTED TO THE FUND FROM THE HOSPITAL**  
7 **ASSESSMENT AS PROVIDED UNDER § 19-214 OF THE HEALTH – GENERAL**  
8 **ARTICLE;**

9           **(6) MONEY DEPOSITED BY A NONPROFIT HEALTH SERVICE PLAN,**  
10 **IN ACCORDANCE WITH § 14-513 OF THIS TITLE, INTO A SEPARATE ACCOUNT FOR**  
11 **THE SENIOR PRESCRIPTION DRUG ASSISTANCE PROGRAM;**

12           **(7) ANY MONEY MADE AVAILABLE FROM INVESTMENT EARNINGS;**  
13 **AND**

14           **(8) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**  
15 **THE BENEFIT OF THE FUND.**

16           **(F) THE FUND MAY BE USED ONLY FOR:**

17           **(1) SUBSIDIES AND ASSOCIATED ADMINISTRATIVE COSTS FOR**  
18 **THE MARYLAND HEALTH INSURANCE POOL AS PROVIDED UNDER SUBTITLE 8**  
19 **OF THIS TITLE;**

20           **(2) REINSURANCE BENEFITS AND ASSOCIATED ADMINISTRATIVE**  
21 **COSTS FOR THE MARYLAND CATASTROPHIC REINSURANCE BENEFIT PLAN AS**  
22 **PROVIDED UNDER SUBTITLE 8 OF THIS TITLE;**

23           **(3) MARYLAND MEDICAL ASSISTANCE PROGRAM COSTS AS**  
24 **FOLLOWS:**

25           **(I) EXPANSION OF ELIGIBILITY TO PARENTS AND**  
26 **CARETAKER RELATIVES OF DEPENDENT CHILDREN WITH ANNUAL HOUSEHOLD**  
27 **INCOME ABOVE 116% AND AT OR BELOW 300% OF THE FEDERAL POVERTY**  
28 **LEVEL;**

29           **(II) EXPANSION OF ELIGIBILITY TO ADULTS:**

30           **1. WHO DO NOT MEET REQUIREMENTS, SUCH AS**  
31 **AGE, DISABILITY, OR PARENT OR CARETAKER RELATIVE OF A DEPENDENT**  
32 **CHILD, FOR A FEDERAL CATEGORY OF ELIGIBILITY FOR MEDICAID;**

1                   **2.     WHOSE ANNUAL HOUSEHOLD INCOME IS ABOVE**  
2 **116% AND AT OR BELOW 200% OF THE FEDERAL POVERTY LEVEL; AND**

3                   **3.     WHO ARE NOT ENROLLED IN THE FEDERAL**  
4 **MEDICARE PROGRAM, AS ENACTED BY TITLE XVIII OF THE SOCIAL SECURITY**  
5 **ACT;**

6                   **(III) PREMIUM ASSISTANCE FOR INDIVIDUALS WHO CHOOSE**  
7 **EMPLOYER-SPONSORED INSURANCE, AS PROVIDED UNDER § 15-103 OF THE**  
8 **HEALTH - GENERAL ARTICLE;**

9                   **(IV) DESIGN, DEVELOPMENT, AND IMPLEMENTATION OF A**  
10 **STATE-OF-THE-ART MEDICAID ELIGIBILITY DETERMINATION SYSTEM,**  
11 **INCLUDING:**

12                   **1.     AN ELECTRONIC INTERFACE WITH OTHER STATE**  
13 **AND FEDERAL INFORMATION SYSTEMS; AND**

14                   **2.     A UNIFORM APPLICATION FOR DETERMINING**  
15 **ELIGIBILITY FOR MEDICAID, THE MARYLAND CHILDREN'S HEALTH PROGRAM,**  
16 **AND LOW-INCOME SUBSIDIES IN THE MARYLAND HEALTH INSURANCE POOL;**

17                   **(V) ADDITIONAL CASEWORKERS IN LOCAL HEALTH**  
18 **DEPARTMENTS AND LOCAL DEPARTMENTS OF SOCIAL SERVICES NEEDED TO**  
19 **ENROLL THE POPULATION DESCRIBED IN ITEMS (1) AND (2) OF THIS**  
20 **SUBSECTION; AND**

21                   **(VI) AN EXPANDED MEDICAID BENEFIT PACKAGE COVERING:**

22                   **1.     DENTAL SERVICES, INCLUDING COMPREHENSIVE**  
23 **ORAL EXAMS AND CLEANINGS, FOR ADULTS;**

24                   **2.     RESIDENTIAL TREATMENT FOR ALCOHOL ABUSE**  
25 **AND DRUG ABUSE; AND**

26                   **3.     ROUTINE HIV/AIDS COUNSELING AND TESTING**  
27 **AT EACH CLINICAL ENCOUNTER;**

28                   **(4) THE ACTIVITIES OF THE MARYLAND INSTITUTE FOR**  
29 **CLINICAL VALUE, INCLUDING THE ACTIVITIES OF THE PREVENTION TRUST FOR**  
30 **HEALTH PROMOTION, AS PROVIDED UNDER TITLE 13, SUBTITLE 28 OF THE**  
31 **HEALTH - GENERAL ARTICLE;**

1           **(5) THROUGH THE ALCOHOL AND DRUG ABUSE**  
2 **ADMINISTRATION OF THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE,**  
3 **EXPANSION OF ALCOHOL ABUSE AND DRUG ABUSE TREATMENT SERVICES FOR**  
4 **ADULTS AND ADOLESCENTS WITHOUT ACCESS TO THIRD-PARTY COVERAGE FOR**  
5 **THESE SERVICES; AND**

6           **(6) THE OPERATION AND ADMINISTRATION OF THE SENIOR**  
7 **PRESCRIPTION DRUG ASSISTANCE PROGRAM.**

8           **(G) THE BOARD SHALL MAINTAIN A SEPARATE ACCOUNT WITHIN THE**  
9 **FUND FOR THE SENIOR PRESCRIPTION DRUG ASSISTANCE PROGRAM.**

10          **(H) FROM THE AMOUNTS PROVIDED UNDER SUBSECTION (E) OF THIS**  
11 **SECTION, THE BOARD SHALL EXPEND:**

12           **(1) \$25,000,000 EACH YEAR FOR 2 YEARS ON THE DESIGN,**  
13 **DEVELOPMENT, AND IMPLEMENTATION OF A STATE-OF-THE-ART MEDICAID**  
14 **ELIGIBILITY DETERMINATION SYSTEM, IN ACCORDANCE WITH SUBSECTION**  
15 **(F)(3)(IV) OF THIS SECTION;**

16           **(2) \$10,000,000 EACH YEAR FOR 5 YEARS ON ADDITIONAL**  
17 **CASEWORKERS IN LOCAL HEALTH DEPARTMENTS AND LOCAL DEPARTMENTS OF**  
18 **SOCIAL SERVICES, IN ACCORDANCE WITH SUBSECTION (F)(3)(V) OF THIS**  
19 **SECTION;**

20           **(3) \$50,000,000 SPREAD OVER 5 YEARS FOR AN EXPANDED**  
21 **MEDICAID BENEFIT PACKAGE COVERING RESIDENTIAL TREATMENT FOR**  
22 **ALCOHOL ABUSE AND DRUG ABUSE, IN ACCORDANCE WITH SUBSECTION**  
23 **(F)(3)(VI)2 OF THIS SECTION;**

24           **(4) FOR THE ACTIVITIES OF THE MARYLAND INSTITUTE FOR**  
25 **CLINICAL VALUE, INCLUDING THE ACTIVITIES OF THE PREVENTION TRUST FOR**  
26 **HEALTH PROMOTION, IN ACCORDANCE WITH SUBSECTION (F)(4) OF THIS**  
27 **SECTION:**

28           **(I) FOR RESEARCH INITIATIVES UNDERTAKEN BY THE**  
29 **MARYLAND INSTITUTE FOR CLINICAL VALUE, IN ACCORDANCE WITH §**  
30 **13-2802(E) OF THE HEALTH – GENERAL ARTICLE:**

31                   **1. \$10,000,000 IN THE FIRST YEAR;**

32                   **2. \$5,000,000 IN THE SECOND YEAR; AND**

1                                   **3.     \$2,500,000 IN EACH OF THE SUBSEQUENT 3**  
2 **YEARS;**

3                                   **(II)   FOR A STATEWIDE HEALTH INFORMATION EXCHANGE,**  
4 **IN ACCORDANCE WITH § 13-2802(G) OF THE HEALTH – GENERAL ARTICLE:**

5                                   **1.     \$20,000,000 IN THE FIRST YEAR; AND**

6                                   **2.     \$500,000 IN EACH OF THE SUBSEQUENT 4 YEARS;**

7                                   **(III)  FOR ELECTRONIC HEALTH RECORDS, IN ACCORDANCE**  
8 **WITH § 13-2802(G) OF THE HEALTH – GENERAL ARTICLE:**

9                                   **1.     \$24,000,000 IN 1 YEAR FOR HOSPITAL SUBSIDIES;**  
10 **AND**

11                                   **2.     \$35,000,000 IN 1 YEAR FOR PHYSICIAN**  
12 **SUBSIDIES;**

13                                   **(IV)  FOR ADMINISTRATIVE COSTS INCURRED BY THE**  
14 **MARYLAND INSTITUTE FOR CLINICAL VALUE, \$2,000,000 EACH YEAR;**

15                                   **(V)   FOR GRANTS TO LOCAL HEALTH DEPARTMENTS FOR**  
16 **PUBLIC HEALTH EFFORTS, IN ACCORDANCE WITH § 13-2805(D) OF THE HEALTH**  
17 **– GENERAL ARTICLE, \$5,000,000 EACH YEAR FOR 5 YEARS;**

18                                   **(VI)  FOR GRANTS TO PROGRAMS AND INITIATIVES THAT**  
19 **SEEK TO PREVENT ADDICTION TO ALCOHOL AND OTHER DRUGS, IN**  
20 **ACCORDANCE WITH § 13-2805(E) OF THE HEALTH – GENERAL ARTICLE,**  
21 **\$10,000,000 EACH YEAR FOR 5 YEARS;**

22                                   **(VII) FOR GRANTS TO TOBACCO PREVENTION AND CESSATION**  
23 **PROGRAMS, IN ACCORDANCE WITH § 13-2805(F) OF THE HEALTH – GENERAL**  
24 **ARTICLE, \$45,000,000 EACH YEAR FOR 5 YEARS;**

25                                   **(VIII) FOR GRANTS TO COMMUNITY HEALTH CENTERS, IN**  
26 **ACCORDANCE WITH § 13-2805(G) OF THE HEALTH – GENERAL ARTICLE,**  
27 **\$5,000,000 EACH YEAR FOR 5 YEARS;**

28                                   **(IX)  FOR GRANTS TO LOAN FORGIVENESS PROGRAMS FOR**  
29 **PRIMARY CARE CLINICIANS, IN ACCORDANCE WITH § 13-2805(G) OF THE**  
30 **HEALTH – GENERAL ARTICLE, \$2,000,000 EACH YEAR FOR 5 YEARS;**



1                   (X) FOR GRANTS TO PROGRAMS THAT TRAIN AND UPGRADE  
2 THE QUALIFICATIONS OF HEALTH CARE PERSONNEL, IN ACCORDANCE WITH §  
3 13-2805(G) OF THE HEALTH – GENERAL ARTICLE:

4                   1.     \$12,500,000 IN THE FIRST YEAR; AND

5                   2.     \$2,500,000 EACH YEAR FOR THE SUBSEQUENT 4  
6 YEARS;

7                   (XI) FOR THE PURPOSE OF ADDRESSING RACIAL, ETHNIC,  
8 DISABILITY, AND SOCIOECONOMIC DISPARITIES IN THE STATE, IN ACCORDANCE  
9 WITH § 13-2805(H) OF THE HEALTH – GENERAL ARTICLE, \$10,000,000 EACH  
10 YEAR FOR 5 YEARS; AND

11                   (XII) FOR IMPLEMENTING THE ADVANCE DIRECTIVES  
12 REGISTRY, IN ACCORDANCE WITH § 13-2805(I) OF THE HEALTH – GENERAL  
13 ARTICLE:

14                   1.     \$276,000 IN THE FIRST YEAR; AND

15                   2.     \$200,000 EACH YEAR FOR THE SUBSEQUENT 4  
16 YEARS; AND

17                   (5)    \$10,000,000 EACH YEAR FOR 5 YEARS FOR EXPANSION OF  
18 ALCOHOL ABUSE AND DRUG ABUSE TREATMENT SERVICES FOR ADULTS AND  
19 ADOLESCENTS WITHOUT ACCESS TO THIRD-PARTY COVERAGE FOR THESE  
20 SERVICES, IN ACCORDANCE WITH SUBSECTION (F)(5) OF THIS SECTION.

21                   (I)    (1)    THE STATE TREASURER SHALL INVEST THE MONEY OF THE  
22 FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

23                   (2)    ANY INVESTMENT EARNINGS OF THE FUND SHALL BE  
24 CREDITED TO THE FUND.

25                   (J)    EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN  
26 ACCORDANCE WITH THE STATE BUDGET.

27   Article – Labor and Employment

28                   8.5-101.

29                   (A)    IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
30 INDICATED.

1 (B) "EMPLOYEE" MEANS ALL INDIVIDUALS EMPLOYED FULL TIME OR  
2 PART TIME DIRECTLY BY AN EMPLOYER.

3 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS  
4 SUBSECTION, "EMPLOYER" HAS THE MEANING STATED IN § 10-905 OF THE TAX  
5 - GENERAL ARTICLE.

6 (2) "EMPLOYER" DOES NOT INCLUDE THE FEDERAL  
7 GOVERNMENT OR ANOTHER STATE.

8 (D) "WAGES" HAS THE MEANING STATED IN § 10-905 OF THE  
9 TAX - GENERAL ARTICLE.

10 **8.5-102.**

11 (A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN  
12 EMPLOYER SHALL PAY TO THE SECRETARY AN AMOUNT EQUAL TO 2% OF THE  
13 TOTAL WAGES PAID TO EMPLOYEES IN THE STATE.

14 (2) IN CALCULATING THE TOTAL WAGES PAID TO EMPLOYEES IN  
15 THE STATE, AN EMPLOYER SHALL EXCLUDE WAGES IN EXCESS OF THE SOCIAL  
16 SECURITY WAGE BASE LIMIT.

17 (B) AN EMPLOYER MAY NOT DEDUCT ANY PAYMENT MADE UNDER  
18 SUBSECTION (A) OF THIS SECTION FROM THE WAGES OF AN EMPLOYEE.

19 (C) AN EMPLOYER SHALL MAKE THE PAYMENT REQUIRED UNDER THIS  
20 SECTION TO THE SECRETARY ON A PERIODIC BASIS AS DETERMINED BY THE  
21 SECRETARY.

22 **8.5-103.**

23 FAILURE TO MAKE THE PAYMENT REQUIRED UNDER § 8.5-102 OF THIS  
24 TITLE SHALL RESULT IN THE IMPOSITION BY THE SECRETARY OF A CIVIL  
25 PENALTY, NOT TO EXCEED \$250,000.

26 **8.5-104.**

27 **THE SECRETARY SHALL:**

28 (1) ADOPT REGULATIONS TO IMPLEMENT THIS TITLE; AND

1           **(2) PAY THE REVENUE FROM THE PAYROLL ASSESSMENT INTO**  
2 **THE HEALTHY MARYLAND FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 9**  
3 **OF THE INSURANCE ARTICLE.**

4                           **Article – State Finance and Procurement**

5 7–317.

6           (a) There is a Cigarette Restitution Fund.

7           (f) (1) The Cigarette Restitution Fund shall be used to fund:

8                           (i) the Tobacco Use Prevention and Cessation Program  
9 established under Title 13, Subtitle 10 of the Health – General Article;

10                           (ii) the Cancer Prevention, Education, Screening, and  
11 Treatment Program established under Title 13, Subtitle 11 of the Health – General  
12 Article;

13                           **(III) THE PROGRAMS AND ACTIVITIES SUPPORTED BY THE**  
14 **HEALTHY MARYLAND FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 9 OF**  
15 **THE INSURANCE ARTICLE; and**

16                           [[iii] **(IV)** other programs that serve the following purposes:

17                                   1. reduction of the use of tobacco products by minors;

18                                   2. implementation of the Southern Maryland Regional  
19 Strategy–Action Plan for Agriculture adopted by the Tri–County Council for Southern  
20 Maryland with an emphasis on alternative crop uses for agricultural land now used for  
21 growing tobacco;

22                                   3. public and school education campaigns to decrease  
23 tobacco use with initial emphasis on areas targeted by tobacco manufacturers in  
24 marketing and promoting cigarette and tobacco products;

25                                   4. smoking cessation programs;

26                                   5. enforcement of the laws regarding tobacco sales;

27                                   6. the purposes of the Maryland Health Care  
28 Foundation under Title 20, Subtitle 5 of the Health – General Article;

29                                   7. primary health care in rural areas of the State and  
30 areas targeted by tobacco manufacturers in marketing and promoting cigarette and  
31 tobacco products;



1 2-301.

2 (a) From the alcoholic beverage tax revenue, the Comptroller shall distribute  
3 the amount necessary to administer the alcoholic beverage tax laws to an  
4 administrative cost account.

5 (b) [After] **EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION,**  
6 **AFTER** making the distribution required under subsection (a) of this section, the  
7 Comptroller shall distribute the remaining alcoholic beverage tax revenue to the  
8 General Fund of the State.

9 (c) **BEFORE MAKING THE DISTRIBUTION REQUIRED UNDER**  
10 **SUBSECTION (B) OF THIS SECTION, THE COMPTROLLER SHALL DISTRIBUTE TO**  
11 **THE HEALTHY MARYLAND FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 9**  
12 **OF THE INSURANCE ARTICLE, 100% OF THE ADDITIONAL ALCOHOLIC**  
13 **BEVERAGE TAX REVENUE RESULTING FROM THE INCREASE IN THE ALCOHOLIC**  
14 **BEVERAGE TAX RATES UNDER CHAPTER \_\_\_\_\_ OF THE ACTS OF 2009 (S.B.**  
15 **\_\_\_\_\_/H.B. \_\_\_\_\_) (9LR3050/9LR0700), AS DETERMINED BY THE COMPTROLLER.**

16 2-1603.

17 After making the distributions required under §§ 2-1601 and 2-1602 of this  
18 subtitle, **FROM THE REMAINING TAX REVENUE**, the Comptroller shall distribute [the  
19 remaining tobacco tax revenue] **\$419,000,000** to the General Fund of the State.

20 **2-1604.**

21 **AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-1601**  
22 **THROUGH 2-1603 OF THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE**  
23 **THE REMAINING TOBACCO TAX REVENUE TO THE HEALTHY MARYLAND FUND**  
24 **ESTABLISHED UNDER TITLE 14, SUBTITLE 9 OF THE INSURANCE ARTICLE.**

25 5-105.

26 (a) Except as provided in subsection (d) of this section, the alcoholic beverage  
27 tax rate for distilled spirits is:

28 (1) [\$1.50] **\$10.03** for each gallon or [39.63 cents] **\$2.65** for each liter;  
29 and

30 (2) if distilled spirits contain a percentage of alcohol greater than 100  
31 proof, an additional tax, for each 1 proof over 100 proof, of [1.5] **10.03** cents for each  
32 gallon or [0.3963] **2.65** cents for each liter.

1 (b) Except as provided in subsection (d) of this section, the alcoholic beverage  
2 tax rate for wine is [40 cents] **\$2.96** for each gallon or [10.57] **78.22** cents for each  
3 liter.

4 (c) Except as provided in subsection (d) of this section, the alcoholic beverage  
5 tax rate on beer is [9 cents] **\$1.16** for each gallon or [2.3778] **30.6472** cents for each  
6 liter.

7 (d) The tax imposed under § 5–102(b) of this subtitle shall equal the amount  
8 that the discriminating jurisdiction charges a Maryland licensee or permit holder.

9 **10–106.2.**

10 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
11 MEANINGS INDICATED.

12 (2) “ANNUAL COSTS FOR HEALTH CARE COVERAGE” MEANS THE  
13 NET COST OF A BASIC PLAN UNDER THE MARYLAND HEALTH INSURANCE POOL,  
14 CALCULATED AS THE TOTAL PREMIUM PLUS OUT-OF-POCKET PAYMENTS FOR  
15 COVERED SERVICES MINUS ANY SUBSIDY FOR WHICH A TAXPAYER IS ELIGIBLE.

16 (3) “CONTINUOUS HEALTH CARE COVERAGE” MEANS  
17 CREDITABLE COVERAGE AS DEFINED IN § 15–1301 OF THE INSURANCE ARTICLE  
18 WITH NO LAPSE IN COVERAGE EXCEEDING 63 DAYS IN ANY CALENDAR YEAR.

19 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND  
20 SUBSECTION (C) OF THIS SECTION, IN ADDITION TO THE STATE INCOME TAX  
21 UNDER § 10–105(A) OF THIS SUBTITLE, A TAXPAYER SHALL BE SUBJECT TO A  
22 PENALTY, UNLESS THE TAXPAYER AND EACH DEPENDENT CHILD OF THE  
23 TAXPAYER MAINTAINED CONTINUOUS HEALTH CARE COVERAGE DURING THE  
24 TAXABLE YEAR.

25 (2) (I) THE PENALTY UNDER PARAGRAPH (1) OF THIS  
26 SUBSECTION SHALL BE EQUAL TO 10% OF THE AVERAGE PREMIUM THAT THE  
27 TAXPAYER WOULD PAY FOR A BASIC PLAN OFFERED THROUGH THE MARYLAND  
28 HEALTH INSURANCE POOL UNDER TITLE 14, SUBTITLE 8 OF THE INSURANCE  
29 ARTICLE.

30 (II) THE AVERAGE PREMIUM THAT THE TAXPAYER WOULD  
31 PAY FOR A BASIC PLAN:

32 1. SHALL BE THE AVERAGE PREMIUM, AS  
33 DETERMINED ANNUALLY BY THE BOARD OF DIRECTORS OF THE MARYLAND  
34 HEALTH INSURANCE POOL, FOR A BASIC PLAN THAT COVERS THE TAXPAYER

1 AND, IF APPLICABLE, THE SPOUSE AND ANY DEPENDENT CHILDREN WHO LACK  
2 CREDITABLE COVERAGE; AND

3                   2. SHALL TAKE INTO ACCOUNT ANY SUBSIDY FOR  
4 WHICH THE TAXPAYER WOULD BE ELIGIBLE UNDER THE MARYLAND HEALTH  
5 INSURANCE POOL.

6                   (3) FOR A MARRIED COUPLE FILING A JOINT RETURN, THE  
7 PENALTY UNDER THIS SECTION SHALL EQUAL 10% OF THE AVERAGE PREMIUM  
8 FOR A BASIC PLAN THAT COVERS BOTH SPOUSES AND ANY DEPENDENT  
9 CHILDREN WHO LACK CREDITABLE COVERAGE.

10           (c) (1) THE COMPTROLLER SHALL PROVIDE FOR EXCEPTIONS TO  
11 SUBSECTION (B) OF THIS SECTION:

12                   (i) FOR AN INDIVIDUAL WHO IS ELIGIBLE FOR, BUT NOT  
13 YET ENROLLED IN MEDICAID;

14                   (ii) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME BELOW  
15 300% OF FEDERAL POVERTY GUIDELINES:

16                           1. WHO IS NOT ELIGIBLE FOR MEDICAID; AND

17                           2. WHOSE ANNUAL COSTS FOR HEALTH CARE  
18 COVERAGE, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE MARYLAND  
19 HEALTH INSURANCE POOL, WOULD EXCEED 5% OF FEDERAL ADJUSTED GROSS  
20 INCOME;

21                           (iii) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME OF AT  
22 LEAST 300% BUT NO MORE THAN 500% OF FEDERAL POVERTY GUIDELINES,  
23 WHOSE ANNUAL COSTS FOR HEALTH CARE COVERAGE, AS DETERMINED BY THE  
24 BOARD OF DIRECTORS OF THE MARYLAND HEALTH INSURANCE POOL, WOULD  
25 EXCEED 7.5% OF FEDERAL ADJUSTED GROSS INCOME; AND

26                           (iv) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME ABOVE  
27 500% OF FEDERAL POVERTY GUIDELINES, WHOSE ANNUAL COSTS FOR HEALTH  
28 CARE COVERAGE, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE  
29 MARYLAND HEALTH INSURANCE POOL, WOULD EXCEED 10% OF FEDERAL  
30 ADJUSTED GROSS INCOME.

31                   (2) THE BOARD OF DIRECTORS OF THE MARYLAND HEALTH  
32 INSURANCE POOL SHALL PROVIDE ANNUAL COSTS FOR HEALTH CARE  
33 COVERAGE TO THE COMPTROLLER FOR THE PURPOSE OF MAKING THE  
34 DETERMINATIONS UNDER PARAGRAPH (1) OF THIS SUBSECTION.





1 (3) [10.0] **15.125** cents for each cigarette in a package of more than 20  
2 cigarettes; and

3 (4) [10.0] **15.125** cents for each cigarette in a package of free sample  
4 cigarettes.

5 (b) The tobacco tax rate for other tobacco products is [15%] **90%** of the  
6 wholesale price of the tobacco products.

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

9 **Article – Tax – General**

10 **10-106.2.**

11 (A) IN THIS SECTION, “CONTINUOUS HEALTH CARE COVERAGE” MEANS  
12 CREDITABLE COVERAGE AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE  
13 WITH NO LAPSE IN COVERAGE EXCEEDING 63 DAYS IN ANY CALENDAR YEAR.

14 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND  
15 SUBSECTION (C) OF THIS SECTION, IN ADDITION TO THE STATE INCOME TAX  
16 UNDER § 10-105(A) OF THIS SUBTITLE, A TAXPAYER SHALL BE SUBJECT TO A  
17 PENALTY, UNLESS THE TAXPAYER AND EACH DEPENDENT CHILD OF THE  
18 TAXPAYER MAINTAINED CONTINUOUS HEALTH CARE COVERAGE DURING THE  
19 TAXABLE YEAR.

20 (2) (I) THE PENALTY UNDER PARAGRAPH (1) OF THIS  
21 SUBSECTION SHALL BE EQUAL TO 30% OF THE AVERAGE PREMIUM THAT THE  
22 TAXPAYER WOULD PAY FOR A BASIC PLAN OFFERED THROUGH THE MARYLAND  
23 HEALTH INSURANCE POOL UNDER TITLE 14, SUBTITLE 8 OF THE INSURANCE  
24 ARTICLE.

25 (II) THE AVERAGE PREMIUM THAT THE TAXPAYER WOULD  
26 PAY FOR A BASIC PLAN:

27 1. SHALL BE THE AVERAGE PREMIUM, AS  
28 DETERMINED ANNUALLY BY THE BOARD OF DIRECTORS OF THE MARYLAND  
29 HEALTH INSURANCE POOL, FOR A BASIC PLAN THAT COVERS THE TAXPAYER  
30 AND, IF APPLICABLE, THE SPOUSE AND ANY DEPENDENT CHILDREN WHO LACK  
31 CREDITABLE COVERAGE; AND

32 2. SHALL TAKE INTO ACCOUNT ANY SUBSIDY FOR  
33 WHICH THE TAXPAYER WOULD BE ELIGIBLE UNDER THE MARYLAND HEALTH  
34 INSURANCE POOL.

1           **(3) FOR A MARRIED COUPLE FILING A JOINT RETURN, THE**  
2 **PENALTY UNDER THIS SECTION SHALL EQUAL 30% OF THE AVERAGE PREMIUM**  
3 **FOR A BASIC PLAN THAT COVERS BOTH SPOUSES AND ANY DEPENDENT**  
4 **CHILDREN WHO LACK CREDITABLE COVERAGE.**

5           **(C) (1) THE COMPTROLLER SHALL PROVIDE FOR EXCEPTIONS TO**  
6 **SUBSECTION (B) OF THIS SECTION:**

7                   **(I) FOR AN INDIVIDUAL WHO IS ELIGIBLE FOR, BUT NOT**  
8 **YET ENROLLED IN MEDICAID;**

9                   **(II) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME BELOW**  
10 **300% OF FEDERAL POVERTY GUIDELINES:**

11                           **1. WHO IS NOT ELIGIBLE FOR MEDICAID; AND**

12                           **2. WHOSE ANNUAL COSTS FOR HEALTH CARE**  
13 **COVERAGE, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE MARYLAND**  
14 **HEALTH INSURANCE POOL, WOULD EXCEED 5% OF FEDERAL ADJUSTED GROSS**  
15 **INCOME;**

16                           **(III) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME OF AT**  
17 **LEAST 300% BUT NO MORE THAN 500% OF FEDERAL POVERTY GUIDELINES,**  
18 **WHOSE ANNUAL COSTS FOR HEALTH CARE COVERAGE, AS DETERMINED BY THE**  
19 **BOARD OF DIRECTORS OF THE MARYLAND HEALTH INSURANCE POOL, WOULD**  
20 **EXCEED 7.5% OF FEDERAL ADJUSTED GROSS INCOME; AND**

21                           **(IV) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME ABOVE**  
22 **500% OF FEDERAL POVERTY GUIDELINES, WHOSE ANNUAL COSTS FOR HEALTH**  
23 **CARE COVERAGE, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE**  
24 **MARYLAND HEALTH INSURANCE POOL, WOULD EXCEED 10% OF FEDERAL**  
25 **ADJUSTED GROSS INCOME.**

26           **(2) THE BOARD OF DIRECTORS OF THE MARYLAND HEALTH**  
27 **INSURANCE POOL SHALL PROVIDE ANNUAL COSTS FOR HEALTH CARE**  
28 **COVERAGE TO THE COMPTROLLER FOR THE PURPOSE OF MAKING THE**  
29 **DETERMINATIONS UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

30           **(D) THE TAXPAYER SHALL INDICATE ON THE INCOME TAX RETURN, IN**  
31 **THE FORM REQUIRED BY THE COMPTROLLER, THE PRESENCE OF HEALTH CARE**  
32 **COVERAGE THAT MEETS THE REQUIREMENTS OF SUBSECTION (B) OF THIS**  
33 **SECTION FOR THE INDIVIDUAL, EACH SPOUSE IN THE CASE OF A MARRIED**  
34 **COUPLE, AND EACH DEPENDENT CHILD.**



1           **(3) FOR A MARRIED COUPLE FILING A JOINT RETURN, THE**  
2 **PENALTY UNDER THIS SECTION SHALL EQUAL 50% OF THE AVERAGE PREMIUM**  
3 **FOR A BASIC PLAN THAT COVERS BOTH SPOUSES AND ANY DEPENDENT**  
4 **CHILDREN WHO LACK CREDITABLE COVERAGE.**

5           **(C) (1) THE COMPTROLLER SHALL PROVIDE FOR EXCEPTIONS TO**  
6 **SUBSECTION (B) OF THIS SECTION:**

7                   **(I) FOR AN INDIVIDUAL WHO IS ELIGIBLE FOR, BUT NOT**  
8 **YET ENROLLED IN MEDICAID;**

9                   **(II) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME BELOW**  
10 **300% OF FEDERAL POVERTY GUIDELINES:**

11                           **1. WHO IS NOT ELIGIBLE FOR MEDICAID; AND**

12                           **2. WHOSE ANNUAL COSTS FOR HEALTH CARE**  
13 **COVERAGE, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE MARYLAND**  
14 **HEALTH INSURANCE POOL, WOULD EXCEED 5% OF FEDERAL ADJUSTED GROSS**  
15 **INCOME;**

16                           **(III) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME OF AT**  
17 **LEAST 300% BUT NO MORE THAN 500% OF FEDERAL POVERTY GUIDELINES,**  
18 **WHOSE ANNUAL COSTS FOR HEALTH CARE COVERAGE, AS DETERMINED BY THE**  
19 **BOARD OF DIRECTORS OF THE MARYLAND HEALTH INSURANCE POOL, WOULD**  
20 **EXCEED 7.5% OF FEDERAL ADJUSTED GROSS INCOME; AND**

21                           **(IV) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME ABOVE**  
22 **500% OF FEDERAL POVERTY GUIDELINES, WHOSE ANNUAL COSTS FOR HEALTH**  
23 **CARE COVERAGE, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE**  
24 **MARYLAND HEALTH INSURANCE POOL, WOULD EXCEED 10% OF FEDERAL**  
25 **ADJUSTED GROSS INCOME.**

26           **(2) THE BOARD OF DIRECTORS OF THE MARYLAND HEALTH**  
27 **INSURANCE POOL SHALL PROVIDE ANNUAL COSTS FOR HEALTH CARE**  
28 **COVERAGE TO THE COMPTROLLER FOR THE PURPOSE OF MAKING THE**  
29 **DETERMINATIONS UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

30           **(D) THE TAXPAYER SHALL INDICATE ON THE INCOME TAX RETURN, IN**  
31 **THE FORM REQUIRED BY THE COMPTROLLER, THE PRESENCE OF HEALTH CARE**  
32 **COVERAGE THAT MEETS THE REQUIREMENTS OF SUBSECTION (B) OF THIS**  
33 **SECTION FOR THE INDIVIDUAL, EACH SPOUSE IN THE CASE OF A MARRIED**  
34 **COUPLE, AND EACH DEPENDENT CHILD.**

1           **(E) NOTWITHSTANDING § 2-609 OF THIS ARTICLE, AFTER DEDUCTING A**  
2 **REASONABLE AMOUNT FOR ADMINISTRATIVE COSTS, THE COMPTROLLER**  
3 **SHALL DISTRIBUTE THE REVENUES FROM THE PENALTY TO THE HEALTHY**  
4 **MARYLAND FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 9 OF THE**  
5 **INSURANCE ARTICLE.**

6           SECTION 7. AND BE IT FURTHER ENACTED, That all cigarettes used,  
7 possessed, or held in the State on or after July 1, 2009, by any person for sale or use in  
8 the State, shall be subject to the full tobacco tax of \$2.75 on cigarettes imposed by this  
9 Act. This requirement includes: (1) cigarettes in vending machines or other  
10 mechanical dispensers; and (2) cigarettes (generally referred to as “floor stock”) in  
11 packages which already bear stamps issued by the Comptroller under the State  
12 Tobacco Tax Act but for an amount less than the full tax imposed on \$1.375 for each  
13 10 cigarettes or fractional part thereof; all cigarettes held for sale by any person in the  
14 State on or after July 1, 2009, that bear a stamp issued by the Comptroller of a value  
15 less than \$2.75 for each pack of 20 cigarettes must be stamped with the additional  
16 stamps necessary to make the aggregate tax value equal to \$2.75. The Comptroller  
17 may provide an alternative method of collecting the additional tax. The revenue  
18 attributable to this requirement shall be remitted to the Comptroller by October 30,  
19 2009. Except as otherwise provided in this section, on or after July 1, 2009, no  
20 Maryland stamp shall be used except the stamp issued by the Comptroller to evidence  
21 the tobacco tax on cigarettes of \$2.75 imposed by this Act.

22           SECTION 8. AND BE IT FURTHER ENACTED, That the Comptroller shall  
23 publicize the requirements of § 10-106.2 of the Tax – General Article, as enacted by  
24 Sections 3, 5, and 6 of this Act, to provide an adequate opportunity for individuals to  
25 obtain health care coverage and avoid a penalty.

26           SECTION 9. AND BE IT FURTHER ENACTED, That § 10-106.2 of the  
27 Tax – General Article, as enacted by Section 3 of this Act, shall take effect January 1,  
28 2010, and shall be applicable to all taxable years beginning after December 31, 2009.  
29 Section 10-106.2 of the Tax – General Article, as enacted by Section 5 of this Act, shall  
30 take effect January 1, 2011, and shall be applicable to all taxable years beginning after  
31 December 31, 2010. Section 10-106.2 of the Tax – General Article, as enacted by  
32 Section 6 of this Act, shall take effect January 1, 2012, and shall be applicable to all  
33 taxable years beginning after December 31, 2011.

34           SECTION 10. AND BE IT FURTHER ENACTED, That Section 4 of this Act  
35 shall take effect July 1, 2012.

36           SECTION 11. AND BE IT FURTHER ENACTED, That, except as provided in  
37 Sections 9 and 10 of this Act, this Act shall take effect July 1, 2009.