

SENATE BILL 729

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CF HB 780

By: **Senator Feldman**

Introduced and read first time: February 5, 2021

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 25, 2021

CHAPTER _____

1 AN ACT concerning

2 **Maryland Health Benefit Exchange – State–Based Young Adult Health**
3 **Insurance Subsidies Pilot Program**

4 FOR the purpose of altering the purpose of the Maryland Health Benefit Exchange Fund
5 to include the provision of funding for the establishment and operation of the
6 State–Based Young Adult Health Insurance Subsidies Pilot Program; providing that
7 the operation and administration of the Pilot Program may include certain functions
8 delegated to certain third parties; altering the contents of the Fund; altering the
9 purposes for which the Fund may be used; requiring the Board of Trustees of the
10 Maryland Health Benefit Exchange to maintain a separate account within the Fund
11 for the Pilot Program; clarifying that certain funds received from the federal
12 government under a certain waiver may be used only for the purposes of funding the
13 State Reinsurance Program; requiring the Exchange, in consultation with the
14 Maryland Insurance Commissioner and as approved by the Board, to establish and
15 implement a Pilot Program to provide subsidies to young adults for the purchase of
16 health benefit plans in the individual health insurance market; requiring that the
17 Pilot Program be designed to reduce the amount that young adults pay for certain
18 health benefit plans and target certain young adults; requiring the Exchange, in
19 consultation with the Commissioner and as approved by the Board, to establish
20 subsidy eligibility and payment parameters for the Pilot Program for certain years;
21 requiring the Exchange to consider certain factors in determining certain
22 parameters; ~~requiring the Governor~~ authorizing the Exchange to designate, in
23 certain fiscal years, certain funds to be used for the Pilot Program for a certain
24 purpose; requiring the Exchange to adopt certain regulations on or before a certain
25 date; requiring the Exchange to track certain information on a certain basis, post the

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.



1 information on a certain website, and include the information in a certain report;
2 defining a certain term; providing for the termination of this Act; and generally
3 relating to the Maryland Health Benefit Exchange and the State-Based Young Adult
4 Health Insurance Subsidies Pilot Program.

5 BY repealing and reenacting, with amendments,
6 Article – Insurance
7 Section 31–107
8 Annotated Code of Maryland
9 (2017 Replacement Volume and 2020 Supplement)

10 BY adding to
11 Article – Insurance
12 Section 31–122
13 Annotated Code of Maryland
14 (2017 Replacement Volume and 2020 Supplement)

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

17 **Article – Insurance**

18 31–107.

19 (a) There is a Maryland Health Benefit Exchange Fund.

20 (b) (1) The purpose of the Fund is to:

21 (i) provide funding for the operation and administration of the
22 Exchange in carrying out the purposes of the Exchange under this subtitle; [and]

23 (ii) provide funding for the establishment and operation of the State
24 Reinsurance Program authorized under this subtitle; **AND**

25 **(III) PROVIDE FUNDING FOR THE ESTABLISHMENT AND**
26 **OPERATION OF THE STATE-BASED YOUNG ADULT HEALTH INSURANCE SUBSIDIES**
27 **PILOT PROGRAM AUTHORIZED UNDER THIS SUBTITLE.**

28 (2) The operation and administration of the Exchange [and], the State
29 Reinsurance Program, **AND THE STATE-BASED YOUNG ADULT HEALTH INSURANCE**
30 **SUBSIDIES PILOT PROGRAM** may include functions delegated by the Exchange to a third
31 party under law or by contract.

32 (c) The Exchange shall administer the Fund.

1 (d) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of
2 the State Finance and Procurement Article.

3 (2) The State Treasurer shall hold the Fund separately, and the
4 Comptroller shall account for the Fund.

5 (e) The Fund consists of:

6 (1) any user fees or other assessments collected by the Exchange;

7 (2) all revenue deposited into the Fund that is received from the
8 distribution of the premium tax under § 6–103.2 of this article;

9 (3) income from investments made on behalf of the Fund;

10 (4) interest on deposits or investments of money in the Fund;

11 (5) money collected by the Board as a result of legal or other actions taken
12 by the Board on behalf of the Exchange or the Fund;

13 (6) money donated to the Fund;

14 (7) money awarded to the Fund through grants;

15 (8) any pass-through funds received from the federal government under a
16 waiver approved under § 1332 of the Affordable Care Act;

17 (9) any funds designated by the federal government to provide reinsurance
18 to carriers that offer individual health benefit plans in the State;

19 (10) any funds designated by the State to provide reinsurance to carriers
20 that offer individual health benefit plans in the State;

21 **(11) ANY FUNDS DESIGNATED BY THE STATE TO PROVIDE**
22 **STATE-BASED HEALTH INSURANCE SUBSIDIES TO YOUNG ADULTS IN THE STATE;**

23 **[(11)] (12)** any federal funds received in accordance with § 31–121 of this
24 subtitle for the administration of small business tax credits; and

25 **[(12)] (13)** any other money from any other source accepted for the benefit
26 of the Fund.

27 (f) The Fund may be used only:

28 (1) for the operation and administration of the Exchange in carrying out
29 the purposes authorized under this subtitle; [and]

1 (2) for the establishment and operation of the State Reinsurance Program;
2 **AND**

3 **(3) FOR THE ESTABLISHMENT AND OPERATION OF THE**
4 **STATE-BASED YOUNG ADULT HEALTH INSURANCE SUBSIDIES PILOT PROGRAM.**

5 (g) (1) The Board shall maintain separate accounts within the Fund for
6 Exchange operations [and], for the State Reinsurance Program, **AND FOR THE**
7 **STATE-BASED YOUNG ADULT HEALTH INSURANCE SUBSIDIES PILOT PROGRAM.**

8 (2) Accounts within the Fund shall contain the money that is intended to
9 support the purpose for which each account is designated.

10 (3) Funds received from the distribution of the premium tax under §
11 6-103.2 of this article shall be placed in the account for Exchange operations and may be
12 used only for the purpose of funding the operation and administration of the Exchange.

13 (4) The following funds may be used only for the purposes of funding the
14 State Reinsurance Program:

15 (i) any pass-through funds received from the federal government
16 under a waiver approved under § 1332 of the Affordable Care Act **TO PROVIDE**
17 **REINSURANCE TO CARRIERS THAT OFFER INDIVIDUAL HEALTH BENEFIT PLANS IN**
18 **THE STATE;**

19 (ii) any funds designated by the federal government to provide
20 reinsurance to carriers that offer individual health benefit plans in the State; and

21 (iii) any funds designated by the State to provide reinsurance to
22 carriers that offer individual health benefit plans in the State.

23 (h) (1) Expenditures from the Fund for the purposes authorized by this
24 subtitle may be made only:

25 (i) with an appropriation from the Fund approved by the General
26 Assembly in the State budget; or

27 (ii) by the budget amendment procedure provided for in Title 7,
28 Subtitle 2 of the State Finance and Procurement Article.

29 (2) Notwithstanding § 7-304 of the State Finance and Procurement Article,
30 if the amount of the distribution from the premium tax under § 6-103.2 of this article
31 exceeds in any State fiscal year the actual expenditures incurred for the operation and
32 administration of the Exchange, funds in the Exchange operations account from the
33 premium tax that remain unspent at the end of the State fiscal year shall revert to the
34 General Fund of the State.

1 (3) If operating expenses of the Exchange may be charged to either State
2 or non-State fund sources, the non-State funds shall be charged before State funds are
3 charged.

4 (i) (1) The State Treasurer shall invest the money of the Fund in the same
5 manner as other State money may be invested.

6 (2) Any investment earnings of the Fund shall be credited to the Fund.

7 (3) Except as provided in subsection (h)(2) of this section, no part of the
8 Fund may revert or be credited to the General Fund or any special fund of the State.

9 (j) A debt or an obligation of the Fund is not a debt of the State or a pledge of
10 credit of the State.

11 **31-122.**

12 (A) IN THIS SECTION, "PILOT PROGRAM" MEANS THE STATE-BASED
13 YOUNG ADULT HEALTH INSURANCE SUBSIDIES PILOT PROGRAM.

14 (B) THE EXCHANGE, IN CONSULTATION WITH THE COMMISSIONER AND AS
15 APPROVED BY THE BOARD, SHALL ESTABLISH AND IMPLEMENT A
16 STATE-BASED YOUNG ADULT HEALTH INSURANCE SUBSIDIES PILOT PROGRAM TO
17 PROVIDE SUBSIDIES TO YOUNG ADULTS FOR THE PURCHASE OF HEALTH BENEFIT
18 PLANS IN THE INDIVIDUAL HEALTH INSURANCE MARKET.

19 (C) THE PILOT PROGRAM REQUIRED UNDER THIS SECTION SHALL BE
20 DESIGNED TO:

21 (1) REDUCE THE AMOUNT THAT YOUNG ADULTS PAY FOR HEALTH
22 BENEFIT PLANS IN THE INDIVIDUAL HEALTH INSURANCE MARKET; AND

23 (2) TARGET YOUNG ADULTS WHO ARE NOT DIRECTLY IMPACTED BY
24 THE STATE REINSURANCE PROGRAM.

25 (D) (1) FOR CALENDAR YEARS 2022 AND 2023, THE EXCHANGE, IN
26 CONSULTATION WITH THE COMMISSIONER AND AS APPROVED BY THE BOARD,
27 SHALL ESTABLISH SUBSIDY ELIGIBILITY AND PAYMENT PARAMETERS FOR THE
28 PILOT PROGRAM.

29 (2) IN DETERMINING THE SUBSIDY ELIGIBILITY AND PAYMENT
30 PARAMETERS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE
31 EXCHANGE SHALL CONSIDER:

1 (I) YOUNG ADULTS AT LEAST 18 YEARS OLD AND UNDER THE
2 AGE OF 41 YEARS; AND

3 (II) INCOME GROUPS BETWEEN 133% AND ~~140%~~ 400% OF THE
4 FEDERAL POVERTY LEVEL.

5 (E) ~~IN SUBJECT TO AVAILABLE FUNDS, IN EACH OF FISCAL YEARS 2022~~
6 ~~THROUGH 2024, THE GOVERNOR SHALL~~ EXCHANGE MAY DESIGNATE FUNDS FROM
7 THE FUND TO BE USED FOR THE PILOT PROGRAM SO THAT ~~\$10,000,000~~ NOT MORE
8 THAN \$20,000,000 IN ANNUAL SUBSIDIES MAY BE PROVIDED TO YOUNG ADULTS WHO
9 MEET THE SUBSIDY ELIGIBILITY AND PAYMENT PARAMETERS ESTABLISHED UNDER
10 SUBSECTION (D) OF THIS SECTION IN CALENDAR YEARS 2022 AND 2023.

11 (F) ON OR BEFORE JANUARY 1, 2022, THE EXCHANGE SHALL ADOPT
12 REGULATIONS IMPLEMENTING THE PROVISIONS OF THIS SECTION.

13 (G) (1) THE EXCHANGE SHALL TRACK ON A MONTHLY BASIS
14 EXPENDITURES ON SUBSIDIES PROVIDED UNDER THE PILOT PROGRAM,
15 INCLUDING:

16 (I) THE AVERAGE NUMBER OF YOUNG ADULTS RECEIVING
17 SUBSIDIES UNDER THE PILOT PROGRAM; AND

18 (II) THE AVERAGE SUBSIDY AMOUNT RECEIVED BY YOUNG
19 ADULTS UNDER THE PILOT PROGRAM.

20 (2) THE EXCHANGE SHALL TRACK THE IMPACT THE PILOT PROGRAM
21 HAS ON RATES IN THE INDIVIDUAL INSURANCE MARKET.

22 (3) THE INFORMATION TRACKED BY THE EXCHANGE UNDER
23 PARAGRAPHS (1) AND (2) OF THIS SUBSECTION SHALL BE:

24 (I) POSTED ON THE WEBSITE OF THE EXCHANGE; AND

25 (II) INCLUDED IN THE ANNUAL REPORT REQUIRED UNDER §
26 31-119(D) OF THIS SUBTITLE.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2021. It shall remain effective for a period of 3 years and, at the end of June 30, 2024,
29 this Act, with no further action required by the General Assembly, shall be abrogated and
30 of no further force and effect.