

CF 7lr2429

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**By: Delegates Guns, McHale, Pitkin, Bonsack, Love, and Hurson**

Introduced and read first time: February 5, 1997

Assigned to: Environmental Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 18, 1997

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CHAPTER \_\_\_\_

1 AN ACT concerning

2 **Maryland Health Care Foundation**

3 FOR the purpose of establishing a Maryland Health Care Foundation; establishing a  
4 Board of Trustees of the Foundation; providing for the membership of the Board;  
5 specifying the purposes, powers, and duties of the Foundation; requiring the  
6 Foundation to deposit or invest money in a certain manner; exempting the  
7 Foundation from certain provisions of law; defining certain terms; and generally  
8 relating to the establishment of the Maryland Health Care Foundation.

9 BY adding to

10 Article - Health - General  
11 Section 20-501 through 20-510, inclusive, to be under the new subtitle "Subtitle 5.  
12 Maryland Health Care Foundation"  
13 Annotated Code of Maryland  
14 (1996 Replacement Volume and 1996 Supplement)

15 Preamble

16 WHEREAS, The number of uninsured individuals is growing both nationally and in  
17 Maryland and the care provided to the uninsured is often delivered episodically in high  
18 cost settings; and

19 WHEREAS, There are 39.4 million adults, constituting 17.3% of the U.S.  
20 population, and 712,000 adults, constituting 17.2% of Maryland's population, who are  
21 uninsured; and

22 WHEREAS, There are 9.6 million children, constituting 14% of the U.S.  
23 population, and 137,000 children, constituting 12.5% of Maryland's population, who are  
24 uninsured; and

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1 WHEREAS, Nationally, 85% of uninsured individuals live in families headed by  
2 workers; and

3 WHEREAS, Nationally, 57% of uninsured individuals work full time and 23% work  
4 part time; and

5 WHEREAS, Employer-sponsored health plans are the primary source of coverage  
6 and, nationally, employer-sponsored coverage is dropping: from 77.7% in 1990 to 73.9%  
7 in 1995 to a projected 70.4% in 2002; and

8 WHEREAS, There are a number of pilot programs and targeted initiatives in  
9 communities throughout the State providing health care services to those without health  
10 insurance, but there is no coordinated effort at the State level to address the needs of  
11 uninsured individuals; and

12 WHEREAS, The establishment under this Act of the Maryland Health Care  
13 Foundation is intended to promote public awareness of the need to provide more timely  
14 and cost-effective care for uninsured Marylanders and to receive moneys that can be used  
15 to provide financial support to programs that expand access to health care services for  
16 uninsured Marylanders; now, therefore,

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

19 **Article - Health - General**

20 **SUBTITLE 5. MARYLAND HEALTH CARE FOUNDATION.**

21 20-501.

22 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
23 INDICATED.

24 (B) "FOUNDATION" MEANS THE MARYLAND HEALTH CARE FOUNDATION.

25 (C) (1) "HEALTH CARE PROVIDER" MEANS:

26 (I) A PERSON WHO IS LICENSED, CERTIFIED, OR OTHERWISE  
27 AUTHORIZED UNDER THE HEALTH OCCUPATIONS ARTICLE TO PROVIDE HEALTH  
28 CARE IN THE ORDINARY COURSE OF BUSINESS OR PRACTICE OF A PROFESSION OR  
29 IN AN APPROVED EDUCATION OR TRAINING PROGRAM; OR

30 (II) A FACILITY WHERE HEALTH CARE IS PROVIDED TO PATIENTS  
31 OR RECIPIENTS, INCLUDING A FACILITY AS DEFINED IN § 10-101 OF THIS ARTICLE, A  
32 HOSPITAL AS DEFINED IN § 19-301 OF THIS ARTICLE, A RELATED INSTITUTION AS  
33 DEFINED IN § 19-301 OF THIS ARTICLE, A HEALTH MAINTENANCE ORGANIZATION AS  
34 DEFINED IN § 19-701 OF THIS ARTICLE, AN OUTPATIENT CLINIC, AND A MEDICAL  
35 LABORATORY.

36 (2) "HEALTH CARE PROVIDER" INCLUDES THE AGENTS AND  
37 EMPLOYEES OF A FACILITY WHO ARE LICENSED OR OTHERWISE AUTHORIZED TO  
38 PROVIDE HEALTH CARE, THE OFFICERS AND DIRECTORS OF A FACILITY, AND THE

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1 AGENTS AND EMPLOYEES OF A HEALTH CARE PROVIDER WHO ARE LICENSED OR  
2 OTHERWISE AUTHORIZED TO PROVIDE HEALTH CARE.

3 (D) "PAYOR" MEANS:

4 (1) A HEALTH INSURER OR NONPROFIT HEALTH SERVICE PLAN THAT  
5 HOLDS A CERTIFICATE OF AUTHORITY AND PROVIDES HEALTH INSURANCE  
6 POLICIES OR CONTRACTS IN THE STATE IN ACCORDANCE WITH THIS ARTICLE OR  
7 THE INSURANCE ARTICLE;

8 (2) A HEALTH MAINTENANCE ORGANIZATION THAT HOLDS A  
9 CERTIFICATE OF AUTHORITY IN THE STATE; OR

10 (3) A THIRD PARTY ADMINISTRATOR AS DEFINED IN § 15-111 OF THE  
11 INSURANCE ARTICLE.

12 20-502.

13 THERE IS A NONPROFIT MARYLAND HEALTH CARE FOUNDATION  
14 ESTABLISHED TO PROMOTE PUBLIC AWARENESS OF THE NEED TO PROVIDE MORE  
15 TIMELY AND COST-EFFECTIVE CARE FOR MARYLANDERS WITHOUT HEALTH  
16 INSURANCE AND TO RECEIVE MONEYS THAT CAN BE USED TO PROVIDE FINANCIAL  
17 SUPPORT TO PROGRAMS THAT EXPAND ACCESS TO HEALTH CARE SERVICES FOR  
18 UNINSURED MARYLANDERS.

19 20-503.

20 THE PURPOSE OF THE MARYLAND HEALTH CARE FOUNDATION IS DECLARED  
21 TO BE OF GENERAL BENEFIT TO THE CITIZENS AND CHARITABLE IN NATURE. THE  
22 FOUNDATION SHALL BE A BODY CORPORATE AND SHALL HAVE PERPETUAL  
23 EXISTENCE, SUBJECT TO MODIFICATION OR TERMINATION BY THE GENERAL  
24 ASSEMBLY IF NECESSARY TO EFFECTUATE ITS PURPOSE OR WHEN AND IF ITS  
25 SUBSTANTIAL PURPOSE CEASES.

26 20-504.

27 (A) THE POWERS AND DUTIES OF THE MARYLAND HEALTH CARE  
28 FOUNDATION SHALL REST IN AND BE EXERCISED BY A BOARD OF 19 TRUSTEES.

29 (B) THE BOARD OF TRUSTEES SHALL CONSIST OF:

30 (1) THE PRESIDENT OF THE SENATE OF MARYLAND, ~~EX OFFICIO~~ OR  
31 THE PRESIDENT'S DESIGNEE;

32 (2) THE SPEAKER OF THE HOUSE OF DELEGATES OF MARYLAND, ~~EX~~  
33 ~~OFFICIO~~ OR THE SPEAKER'S DESIGNEE;

34 (3) THE SECRETARIES OF HEALTH AND MENTAL HYGIENE AND HUMAN  
35 RESOURCES AND THE MARYLAND INSURANCE COMMISSIONER, EX OFFICIO, OR  
36 THEIR DESIGNEES; AND

37 (4) FOURTEEN INDIVIDUALS INITIALLY APPOINTED BY THE  
38 GOVERNOR, WITH THE ADVICE AND CONSENT OF THE SENATE, AS FOLLOWS:

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1 (I) ~~FOUR~~ THREE SHALL REPRESENT THE INTERESTS OF THE  
2 PAYOR COMMUNITY;

3 (II) ~~FOUR~~ THREE SHALL REPRESENT THE INTERESTS OF THE  
4 HEALTH CARE PROVIDER COMMUNITY;

5 (III) TWO SHALL REPRESENT THE BUSINESS COMMUNITY;

6 (IV) TWO SHALL REPRESENT THE LABOR COMMUNITY; AND

7 (V) ~~TWO~~ FOUR SHALL REPRESENT THE INTERESTS OF THE  
8 GENERAL PUBLIC AND MAY NOT HAVE ANY CONNECTION WITH THE MANAGEMENT  
9 OR POLICY OF A HEALTH CARE PROVIDER OR PAYOR.

10 (C) THE GOVERNOR SHALL CONSIDER GEOGRAPHICAL BALANCE IN MAKING  
11 APPOINTMENTS TO THE BOARD OF TRUSTEES.

12 (D) EXCEPT FOR THE EX OFFICIO MEMBERS OR THEIR DESIGNEES:

13 (1) THE TERM OF A MEMBER IS 4 YEARS;

14 (2) THE TERMS OF MEMBERS ARE STAGGERED AS REQUIRED BY THE  
15 TERMS PROVIDED FOR MEMBERS OF THE BOARD ON OCTOBER 1, 1997;

16 (3) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL A  
17 SUCCESSOR IS APPOINTED AND QUALIFIES;

18 (4) A MEMBER WHO IS APPOINTED AFTER A TERM IS BEGUN SERVES  
19 FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND  
20 QUALIFIES; AND

21 (5) A MEMBER MAY SERVE NO MORE THAN TWO TERMS.

22 20-505.

23 (A) THE BOARD OF TRUSTEES SHALL ELECT ONE OF THEIR MEMBERS TO  
24 SERVE AS CHAIRMAN.

25 (B) THE BOARD SHALL MEET AT PLACES AND DATES TO BE DETERMINED BY  
26 THE BOARD, BUT NOT LESS THAN TWO TIMES A YEAR.

27 (C) ~~SEVEN~~ NINE TRUSTEES SHALL CONSTITUTE A QUORUM, BUT ACTION MAY  
28 NOT BE TAKEN BY LESS THAN A VOTE OF ~~SEVEN~~ NINE MEMBERS.

29 (D) A TRUSTEE:

30 (1) MAY NOT RECEIVE COMPENSATION; BUT

31 (2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE  
32 STANDARD STATE TRAVEL REGULATIONS AS PROVIDED IN THE STATE BUDGET.

33 (E) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A TRUSTEE  
34 MAY NOT FINANCIALLY BENEFIT EITHER DIRECTLY OR INDIRECTLY FROM THE  
35 ACTIVITIES OF THE FOUNDATION.

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1           ~~(E)~~ (F) THE STATE AGENCIES REPRESENTED ON THE FOUNDATION SHALL  
2 PROVIDE STAFF, SUPPLIES, AND OFFICE SPACE AND SHALL BE REIMBURSED FOR  
3 THESE EXPENSES FROM MONEYS OF THE FOUNDATION.

4 20-506.

5           (A) THE FOUNDATION SHALL:

6                   (1) SOLICIT AND ACCEPT ANY GIFT, GRANT, LEGACY, OR ENDOWMENT  
7 OF MONEY, INCLUDING IN-KIND SERVICES, FROM THE FEDERAL GOVERNMENT,  
8 STATE GOVERNMENT, LOCAL GOVERNMENT, OR ANY PRIVATE SOURCE IN  
9 FURTHERANCE OF THE FOUNDATION;

10                  (2) PROVIDE GRANTS TO PROGRAMS THAT:

11                           (I) PROMOTE PUBLIC AWARENESS OF THE NEED TO PROVIDE  
12 MORE TIMELY AND COST-EFFECTIVE CARE FOR UNINSURED MARYLANDERS;

13                           (II) EXPAND ACCESS TO HEALTH CARE SERVICES FOR UNINSURED  
14 INDIVIDUALS; OR

15                           (III) PROVIDE OR SUBSIDIZE HEALTH INSURANCE COVERAGE FOR  
16 UNINSURED INDIVIDUALS;

17                   (3) DEVELOP PROGRAMS FOR SPONSORSHIP BY CORPORATE AND  
18 BUSINESS ORGANIZATIONS OR PRIVATE INDIVIDUALS;

19                   (4) DEVELOP CRITERIA FOR AWARDED GRANTS TO HEALTH CARE  
20 DELIVERY PROGRAMS, INSURANCE COVERAGE PROGRAMS, OR CORPORATE  
21 SPONSORSHIP PROGRAMS;

22                   (5) DEVELOP CRITERIA FOR PRIORITIZING PROGRAMS TO BE  
23 SUPPORTED;

24                   (6) DEVELOP CRITERIA FOR EVALUATING THE EFFECTIVENESS OF  
25 PROGRAMS RECEIVING GRANTS;

26                   (7) MAKE, EXECUTE, AND ENTER INTO ANY CONTRACT OR OTHER  
27 LEGAL INSTRUMENT;

28                   (8) RECEIVE APPROPRIATIONS AS PROVIDED IN THE STATE BUDGET;

29                   (9) LEASE AND MAINTAIN AN OFFICE AT A PLACE WITHIN THE STATE  
30 THAT THE FOUNDATION DESIGNATES;

31                   (10) ADOPT BYLAWS FOR THE REGULATION OF ITS AFFAIRS AND THE  
32 CONDUCT OF ITS BUSINESS;

33                   (11) TAKE ANY OTHER ACTION NECESSARY TO CARRY OUT THE  
34 PURPOSES OF THE FOUNDATION; AND

35                   (12) REPORT ANNUALLY TO THE GOVERNOR AND, SUBJECT TO § 2-1312  
36 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY, ON ITS  
37 ACTIVITIES DURING THE PRECEDING YEAR, INCLUDING AN EVALUATION OF THE  
38 EFFECTIVENESS OF FUNDED PROGRAMS, TOGETHER WITH ANY

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1 RECOMMENDATIONS OR REQUESTS DEEMED APPROPRIATE TO FURTHER THE  
2 PURPOSES OF THE FOUNDATION.

3 (B) THE FOUNDATION MAY SUE AND BE SUED, BUT ONLY TO ENFORCE  
4 CONTRACTUAL OR SIMILAR AGREEMENTS WITH THE FOUNDATION.

5 20-507.

6 (A) IN DEVELOPING THE CRITERIA FOR AWARDING GRANTS TO HEALTH  
7 CARE DELIVERY PROGRAMS, INSURANCE COVERAGE PROGRAMS, OR CORPORATE  
8 SPONSORSHIP PROGRAMS, THE FOUNDATION MAY CONSIDER ACTIVITIES THAT:

9 (1) PROVIDE PRIMARY ~~AND~~ PREVENTIVE, AND SPECIALTY HEALTH  
10 CARE SERVICES TO UNINSURED MARYLANDERS IN A MORE TIMELY AND  
11 COST-EFFECTIVE MANNER;

12 (2) PROVIDE ASSISTANCE TO COMMUNITY PROGRAMMING FOR  
13 IMPROVING HEALTH STATUS BY ENHANCING ACCESS TO HEALTH CARE SERVICES  
14 FOR UNINSURED INDIVIDUALS;

15 (3) PUBLISH OR PRODUCE EDUCATIONAL MATERIALS ON THE  
16 PROBLEM OF UNINSURED INDIVIDUALS;

17 (4) PROVIDE EDUCATIONAL SCHOLARSHIPS OR TRAINING; OR

18 (5) FOSTER THE CREATION OF ADDITIONAL HEALTH CARE DELIVERY  
19 PROGRAMS TO MEET THE HEALTH CARE NEEDS OF UNINSURED INDIVIDUALS.

20 (B) THE FOUNDATION MAY NOT CONSIDER ACTIVITIES THAT ADVOCATE A  
21 POLITICAL CANDIDATE OR POLITICAL SOLUTION.

22 20-508.

23 TO THE EXTENT FEASIBLE, THE FOUNDATION SHALL CONSIDER  
24 GEOGRAPHICAL BALANCE IN PROVIDING GRANTS AND DEVELOPING PROGRAMS.

25 20-509.

26 (A) ALL MONEY RECEIVED BY THE FOUNDATION SHALL BE DEPOSITED, AS  
27 DIRECTED BY THE BOARD OF TRUSTEES, IN ANY STATE OR NATIONAL BANK, OR  
28 FEDERALLY OR STATE INSURED SAVINGS AND LOAN ASSOCIATION LOCATED IN THE  
29 STATE HAVING A TOTAL PAID-IN CAPITAL OF AT LEAST \$1,000,000. THE TRUST  
30 DEPARTMENT OF ANY STATE OR NATIONAL BANK OR SAVINGS AND LOAN  
31 ASSOCIATION MAY BE DESIGNATED AS A DEPOSITORY TO RECEIVE ANY SECURITIES  
32 ACQUIRED OR OWNED BY THE FOUNDATION. THE RESTRICTION WITH RESPECT TO  
33 PAID-IN CAPITAL MAY BE WAIVED FOR ANY QUALIFYING BANK OR SAVINGS AND  
34 LOAN ASSOCIATION THAT AGREES TO PLEDGE SECURITIES OF THE STATE OR OF  
35 THE UNITED STATES TO PROTECT THE FUNDS AND SECURITIES OF THE  
36 FOUNDATION IN AMOUNTS AND UNDER ARRANGEMENTS ACCEPTABLE TO THE  
37 FOUNDATION.

38 (B) AFTER BEING DEPOSITED IN ACCORDANCE WITH SUBSECTION (A) OF  
39 THIS SECTION, ANY MONEY OF THE FOUNDATION, IN THE DISCRETION OF THE  
40 BOARD OF TRUSTEES AND UNLESS OTHERWISE PROVIDED IN ANY AGREEMENT OR

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1 COVENANT BETWEEN THE FOUNDATION AND THE HOLDERS OF ANY OF ITS  
2 OBLIGATIONS LIMITING OR RESTRICTING CLASSES OF INVESTMENTS, MAY BE  
3 INVESTED IN BONDS OR OTHER OBLIGATIONS OF, OR GUARANTEED AS TO  
4 PRINCIPAL AND INTEREST BY, THE UNITED STATES, THE STATE, OR THE POLITICAL  
5 SUBDIVISIONS OR UNITS OF THE STATE.

6 (C) THE FOUNDATION SHALL PROVIDE FOR A SYSTEM OF FINANCIAL  
7 ACCOUNTING, CONTROLS, AUDITS, AND REPORTS.

8 (D) THE BOOKS, RECORDS, AND ACCOUNTS OF THE FOUNDATION ARE  
9 SUBJECT TO AUDIT BY THE STATE.

10 20-510.

11 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, IN  
12 EXERCISING ITS POWERS, THE FOUNDATION:

13 (1) IS EXEMPT FROM THE PROVISIONS OF THE STATE FINANCE AND  
14 PROCUREMENT ARTICLE, THE PROVISIONS OF DIVISION I OF THE STATE PERSONNEL  
15 AND PENSIONS ARTICLE THAT GOVERN THE STATE PERSONNEL MANAGEMENT  
16 SYSTEM, THE PROVISIONS OF DIVISION II AND TITLE 37 OF THE STATE PERSONNEL  
17 AND PENSIONS ARTICLE, AND THE PROVISIONS OF ARTICLE 78A OF THE CODE; AND

18 (2) MAY CARRY OUT ITS CORPORATE PURPOSES WITHOUT OBTAINING  
19 THE CONSENT OF ANY DEPARTMENT, BOARD, OR AGENCY OF THE STATE.

20 (B) THE FOUNDATION IS SUBJECT TO THE PROVISIONS OF THE STATE  
21 FINANCE AND PROCUREMENT ARTICLE TO THE EXTENT OF STATE  
22 APPROPRIATIONS, IF ANY.

23 SECTION 2. AND BE IT FURTHER ENACTED, That the terms of the initial  
24 members of the Board of Trustees shall expire as follows:

25 (1) Six members in 2001;

26 (2) Four members in 2000; and

27 (3) Four members in 1999.

28 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 October 1, 1997.