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1997 Regular Session  
7lr2429

CF 7lr1323

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**By: Senator Bromwell**

Introduced and read first time: January 30, 1997

Assigned to: Finance

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A BILL ENTITLED

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

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

27 WHEREAS, Nationally, 57% of uninsured individuals work full time and 23% work  
28 part time; and

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

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

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

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

15 **Article - Health - General**

16 SUBTITLE 5. MARYLAND HEALTH CARE FOUNDATION.

17 20-501.

18 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
19 INDICATED.

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

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

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

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

32 (2) "HEALTH CARE PROVIDER" INCLUDES THE AGENTS AND  
33 EMPLOYEES OF A FACILITY WHO ARE LICENSED OR OTHERWISE AUTHORIZED TO  
34 PROVIDE HEALTH CARE, THE OFFICERS AND DIRECTORS OF A FACILITY, AND THE  
35 AGENTS AND EMPLOYEES OF A HEALTH CARE PROVIDER WHO ARE LICENSED OR  
36 OTHERWISE AUTHORIZED TO PROVIDE HEALTH CARE.

37 (D) "PAYOR" MEANS:

38 (1) A HEALTH INSURER OR NONPROFIT HEALTH SERVICE PLAN THAT  
39 HOLDS A CERTIFICATE OF AUTHORITY AND PROVIDES HEALTH INSURANCE

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1 POLICIES OR CONTRACTS IN THE STATE IN ACCORDANCE WITH THIS ARTICLE OR  
2 THE INSURANCE ARTICLE;

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

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

7 20-502.

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

14 20-503.

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

21 20-504.

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

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

25 (1) THE PRESIDENT OF THE SENATE OF MARYLAND, EX OFFICIO;

26 (2) THE SPEAKER OF THE HOUSE OF DELEGATES OF MARYLAND, EX  
27 OFFICIO;

28 (3) THE SECRETARIES OF HEALTH AND MENTAL HYGIENE AND HUMAN  
29 RESOURCES AND THE MARYLAND INSURANCE COMMISSIONER, EX OFFICIO, OR  
30 THEIR DESIGNEES; AND

31 (4) FOURTEEN INDIVIDUALS INITIALLY APPOINTED BY THE GOVERNOR  
32 AS FOLLOWS:

33 (I) FOUR SHALL REPRESENT THE INTERESTS OF THE PAYOR  
34 COMMUNITY;

35 (II) FOUR SHALL REPRESENT THE INTERESTS OF THE HEALTH  
36 CARE PROVIDER COMMUNITY;

37 (III) TWO SHALL REPRESENT THE BUSINESS COMMUNITY;

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

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1 (V) TWO SHALL REPRESENT THE INTERESTS OF THE GENERAL  
2 PUBLIC AND MAY NOT HAVE ANY CONNECTION WITH THE MANAGEMENT OR  
3 POLICY OF A HEALTH CARE PROVIDER OR PAYOR.

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

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

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

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

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

12 (4) A MEMBER WHO IS APPOINTED AFTER A TERM IS BEGUN SERVES  
13 FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND  
14 QUALIFIES; AND

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

16 20-505.

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

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

21 (C) SEVEN TRUSTEES SHALL CONSTITUTE A QUORUM, BUT ACTION MAY NOT  
22 BE TAKEN BY LESS THAN A VOTE OF SEVEN MEMBERS.

23 (D) A TRUSTEE:

24 (1) MAY NOT RECEIVE COMPENSATION; BUT

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

27 (E) THE STATE AGENCIES REPRESENTED ON THE FOUNDATION SHALL  
28 PROVIDE STAFF, SUPPLIES, AND OFFICE SPACE AND SHALL BE REIMBURSED FOR  
29 THESE EXPENSES FROM MONEYS OF THE FOUNDATION.

30 20-506.

31 (A) THE FOUNDATION SHALL:

32 (1) SOLICIT AND ACCEPT ANY GIFT, GRANT, LEGACY, OR ENDOWMENT  
33 OF MONEY, INCLUDING IN-KIND SERVICES, FROM THE FEDERAL GOVERNMENT,  
34 STATE GOVERNMENT, LOCAL GOVERNMENT, OR ANY PRIVATE SOURCE IN  
35 FURTHERANCE OF THE FOUNDATION;

36 (2) PROVIDE GRANTS TO PROGRAMS THAT:

5

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

3 (II) EXPAND ACCESS TO HEALTH CARE SERVICES FOR UNINSURED  
4 INDIVIDUALS; OR

5 (III) PROVIDE OR SUBSIDIZE HEALTH INSURANCE COVERAGE FOR  
6 UNINSURED INDIVIDUALS;

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

9 (4) DEVELOP CRITERIA FOR AWARDING GRANTS TO HEALTH CARE  
10 DELIVERY PROGRAMS, INSURANCE COVERAGE PROGRAMS, OR CORPORATE  
11 SPONSORSHIP PROGRAMS;

12 (5) DEVELOP CRITERIA FOR PRIORITIZING PROGRAMS TO BE  
13 SUPPORTED;

14 (6) DEVELOP CRITERIA FOR EVALUATING THE EFFECTIVENESS OF  
15 PROGRAMS RECEIVING GRANTS;

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

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

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

21 (10) ADOPT BYLAWS FOR THE REGULATION OF ITS AFFAIRS AND THE  
22 CONDUCT OF ITS BUSINESS;

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

25 (12) REPORT ANNUALLY TO THE GOVERNOR AND, SUBJECT TO § 2-1312  
26 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY, ON ITS  
27 ACTIVITIES DURING THE PRECEDING YEAR, INCLUDING AN EVALUATION OF THE  
28 EFFECTIVENESS OF FUNDED PROGRAMS, TOGETHER WITH ANY  
29 RECOMMENDATIONS OR REQUESTS DEEMED APPROPRIATE TO FURTHER THE  
30 PURPOSES OF THE FOUNDATION.

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

33 20-507.

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

37 (1) PROVIDE PRIMARY AND PREVENTIVE HEALTH CARE SERVICES TO  
38 UNINSURED MARYLANDERS IN A MORE TIMELY AND COST-EFFECTIVE MANNER;

6

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

4 (3) PUBLISH OR PRODUCE EDUCATIONAL MATERIALS ON THE  
5 PROBLEM OF UNINSURED INDIVIDUALS;

6 (4) PROVIDE EDUCATIONAL SCHOLARSHIPS OR TRAINING; OR

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

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

11 20-508.

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

14 20-509.

15 (A) ALL MONEY RECEIVED BY THE FOUNDATION SHALL BE DEPOSITED, AS  
16 DIRECTED BY THE BOARD OF TRUSTEES, IN ANY STATE OR NATIONAL BANK, OR  
17 FEDERALLY OR STATE INSURED SAVINGS AND LOAN ASSOCIATION LOCATED IN THE  
18 STATE HAVING A TOTAL PAID-IN CAPITAL OF AT LEAST \$1,000,000. THE TRUST  
19 DEPARTMENT OF ANY STATE OR NATIONAL BANK OR SAVINGS AND LOAN  
20 ASSOCIATION MAY BE DESIGNATED AS A DEPOSITORY TO RECEIVE ANY SECURITIES  
21 ACQUIRED OR OWNED BY THE FOUNDATION. THE RESTRICTION WITH RESPECT TO  
22 PAID-IN CAPITAL MAY BE WAIVED FOR ANY QUALIFYING BANK OR SAVINGS AND  
23 LOAN ASSOCIATION THAT AGREES TO PLEDGE SECURITIES OF THE STATE OR OF  
24 THE UNITED STATES TO PROTECT THE FUNDS AND SECURITIES OF THE  
25 FOUNDATION IN AMOUNTS AND UNDER ARRANGEMENTS ACCEPTABLE TO THE  
26 FOUNDATION.

27 (B) AFTER BEING DEPOSITED IN ACCORDANCE WITH SUBSECTION (A) OF  
28 THIS SECTION, ANY MONEY OF THE FOUNDATION, IN THE DISCRETION OF THE  
29 BOARD OF TRUSTEES AND UNLESS OTHERWISE PROVIDED IN ANY AGREEMENT OR  
30 COVENANT BETWEEN THE FOUNDATION AND THE HOLDERS OF ANY OF ITS  
31 OBLIGATIONS LIMITING OR RESTRICTING CLASSES OF INVESTMENTS, MAY BE  
32 INVESTED IN BONDS OR OTHER OBLIGATIONS OF, OR GUARANTEED AS TO  
33 PRINCIPAL AND INTEREST BY, THE UNITED STATES, THE STATE, OR THE POLITICAL  
34 SUBDIVISIONS OR UNITS OF THE STATE.

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

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

7

1 20-510.

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

4 (1) IS EXEMPT FROM THE PROVISIONS OF THE STATE FINANCE AND  
5 PROCUREMENT ARTICLE, THE PROVISIONS OF DIVISION I OF THE STATE PERSONNEL  
6 AND PENSIONS ARTICLE THAT GOVERN THE STATE PERSONNEL MANAGEMENT  
7 SYSTEM, THE PROVISIONS OF DIVISION II AND TITLE 37 OF THE STATE PERSONNEL  
8 AND PENSIONS ARTICLE, AND THE PROVISIONS OF ARTICLE 78A OF THE CODE; AND

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

11 (B) THE FOUNDATION IS SUBJECT TO THE PROVISIONS OF THE STATE  
12 FINANCE AND PROCUREMENT ARTICLE TO THE EXTENT OF STATE  
13 APPROPRIATIONS, IF ANY.

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

16 (1) Six members in 2001;

17 (2) Four members in 2000; and

18 (3) Four members in 1999.

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