

CF 7r1323

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**By: ~~Senator Bromwell~~ Senators Bromwell, Young, Dorman, Hafer, Madden, Teitelbaum, Astle, Derr, and Trotter**

Introduced and read first time: January 30, 1997

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 25, 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; providing for the termination of this Act;  
8 defining certain terms; and generally relating to the establishment of the Maryland  
9 Health Care Foundation.

10 BY adding to

11 Article - Health - General  
12 Section 20-501 through 20-510, inclusive, to be under the new subtitle "Subtitle 5.  
13 Maryland Health Care Foundation"  
14 Annotated Code of Maryland  
15 (1996 Replacement Volume and 1996 Supplement)

16 Preamble

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

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

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

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

6 WHEREAS, Nationally, 57% of uninsured individuals work full time and 23% work  
7 part time; and

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

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

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

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

22 **Article - Health - General**

23 SUBTITLE 5. MARYLAND HEALTH CARE FOUNDATION.

24 20-501.

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

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

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

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

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

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1 (2) "HEALTH CARE PROVIDER" INCLUDES THE AGENTS AND  
2 EMPLOYEES OF A FACILITY WHO ARE LICENSED OR OTHERWISE AUTHORIZED TO  
3 PROVIDE HEALTH CARE, THE OFFICERS AND DIRECTORS OF A FACILITY, AND THE  
4 AGENTS AND EMPLOYEES OF A HEALTH CARE PROVIDER WHO ARE LICENSED OR  
5 OTHERWISE AUTHORIZED TO PROVIDE HEALTH CARE.

6 (D) "PAYOR" MEANS:

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

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

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

15 20-502.

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

22 20-503.

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

29 20-504.

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

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

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

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

37 (3) THE SECRETARIES OF HEALTH AND MENTAL HYGIENE AND HUMAN  
38 RESOURCES AND THE MARYLAND INSURANCE COMMISSIONER, EX OFFICIO, OR  
39 THEIR DESIGNEES; AND

4

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

3 (I) ~~FOUR~~ THREE SHALL REPRESENT THE INTERESTS OF THE  
4 PAYOR COMMUNITY;

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

7 (III) TWO SHALL REPRESENT THE BUSINESS COMMUNITY;

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

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

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

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

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

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

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

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

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

24 20-505.

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

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

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

31 (D) A TRUSTEE:

32 (1) MAY NOT RECEIVE COMPENSATION; BUT

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

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

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

7 20-506.

8           (A) THE FOUNDATION SHALL:

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

13                   (2) PROVIDE GRANTS TO PROGRAMS THAT:

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

16                           (II) EXPAND ACCESS TO HEALTH CARE SERVICES FOR UNINSURED  
17 INDIVIDUALS; OR

18                           (III) PROVIDE OR SUBSIDIZE HEALTH INSURANCE COVERAGE FOR  
19 UNINSURED INDIVIDUALS;

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

22                   (4) DEVELOP CRITERIA FOR AWARDING GRANTS TO HEALTH CARE  
23 DELIVERY PROGRAMS, INSURANCE COVERAGE PROGRAMS, OR CORPORATE  
24 SPONSORSHIP PROGRAMS;

25                   (5) DEVELOP CRITERIA FOR PRIORITIZING PROGRAMS TO BE  
26 SUPPORTED;

27                   (6) DEVELOP CRITERIA FOR EVALUATING THE EFFECTIVENESS OF  
28 PROGRAMS RECEIVING GRANTS;

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

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

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

34                   (10) ADOPT BYLAWS FOR THE REGULATION OF ITS AFFAIRS AND THE  
35 CONDUCT OF ITS BUSINESS;

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

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

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

9 20-507.

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

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

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

19 (3) PUBLISH OR PRODUCE EDUCATIONAL MATERIALS ON THE  
20 PROBLEM OF UNINSURED INDIVIDUALS;

21 (4) PROVIDE EDUCATIONAL SCHOLARSHIPS OR TRAINING; OR

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

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

26 20-508.

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

29 20-509.

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

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1 FOUNDATION IN AMOUNTS AND UNDER ARRANGEMENTS ACCEPTABLE TO THE  
2 FOUNDATION.

3 (B) AFTER BEING DEPOSITED IN ACCORDANCE WITH SUBSECTION (A) OF  
4 THIS SECTION, ANY MONEY OF THE FOUNDATION, IN THE DISCRETION OF THE  
5 BOARD OF TRUSTEES AND UNLESS OTHERWISE PROVIDED IN ANY AGREEMENT OR  
6 COVENANT BETWEEN THE FOUNDATION AND THE HOLDERS OF ANY OF ITS  
7 OBLIGATIONS LIMITING OR RESTRICTING CLASSES OF INVESTMENTS, MAY BE  
8 INVESTED IN BONDS OR OTHER OBLIGATIONS OF, OR GUARANTEED AS TO  
9 PRINCIPAL AND INTEREST BY, THE UNITED STATES, THE STATE, OR THE POLITICAL  
10 SUBDIVISIONS OR UNITS OF THE STATE.

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

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

15 20-510.

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

18 (1) IS EXEMPT FROM THE PROVISIONS OF THE STATE FINANCE AND  
19 PROCUREMENT ARTICLE, THE PROVISIONS OF DIVISION I OF THE STATE PERSONNEL  
20 AND PENSIONS ARTICLE THAT GOVERN THE STATE PERSONNEL MANAGEMENT  
21 SYSTEM, THE PROVISIONS OF DIVISION II AND TITLE 37 OF THE STATE PERSONNEL  
22 AND PENSIONS ARTICLE, AND THE PROVISIONS OF ARTICLE 78A OF THE CODE; AND

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

25 (B) THE FOUNDATION IS SUBJECT TO THE PROVISIONS OF THE STATE  
26 FINANCE AND PROCUREMENT ARTICLE TO THE EXTENT OF STATE  
27 APPROPRIATIONS, IF ANY.

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

30 (1) Six members in 2001;

31 (2) Four members in 2000; and

32 (3) Four members in 1999.

33 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
34 October 1, 1997. It shall remain effective for a period of 5 years and, at the end of  
35 September 30, 2002, with no further action required by the General Assembly, this Act  
36 shall be abrogated and of no further force and effect.

