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Introduced and read first time: February 13, 1998  
Assigned to: Environmental Matters and Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Children's Health Care**

3 FOR the purpose of altering the age for which certain individuals with a certain  
4 family income are eligible for the Maryland Medical Assistance Program;  
5 establishing a certain tax credit that certain individuals having income not  
6 exceeding certain levels may claim against their State income liability for  
7 certain health insurance premiums paid by the individual under certain  
8 circumstances; making the credit refundable under certain circumstances;  
9 requiring certain carriers to submit to the Maryland Insurance Commissioner  
10 for approval certain health benefit plans; defining certain terms; providing for  
11 the application of this Act; generally relating to altering the age for which  
12 certain individuals would be eligible for coverage under the Maryland Medical  
13 Assistance Program; and establishing a certain tax credit for payment of certain  
14 health insurance premiums by certain low income individuals under certain  
15 circumstances.

16 BY repealing and reenacting, with amendments,  
17 Article - Health - General  
18 Section 15-103(a)  
19 Annotated Code of Maryland  
20 (1994 Replacement Volume and 1997 Supplement)

21 BY adding to  
22 Article - Insurance  
23 Section 15-124  
24 Annotated Code of Maryland  
25 (1997 Volume)

1 BY adding to  
2 Article - Tax - General  
3 Section 10-709  
4 Annotated Code of Maryland  
5 (1997 Replacement Volume)

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

8 **Article - Health - General**

9 15-103.

10 (a) (1) The Secretary shall administer the Maryland Medical Assistance  
11 Program.

12 (2) The Program:

13 (i) Subject to the limitations of the State budget, shall provide  
14 comprehensive medical and other health care services for indigent individuals or  
15 medically indigent individuals or both;

16 (ii) Shall provide, subject to the limitations of the State budget,  
17 comprehensive medical and other health care services for all eligible pregnant women  
18 and, at a minimum, all children currently under the age of 1 whose family income  
19 falls below 185 percent of the poverty level, as permitted by the federal law;

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

24 (iv) Shall provide, subject to the limitations of the State budget,  
25 comprehensive medical and other health care services for all children from the age of  
26 1 year up [through and including] TO the age of [5] 19 years whose family income  
27 falls below 133 percent of the poverty level, as permitted by the federal law;

28 (v) [Shall provide, subject to the limitations of the State budget,  
29 comprehensive medical care and other health care services for all children born after  
30 September 30, 1983 who are at least 6 years of age but are under 19 years of age  
31 whose family income falls below 100 percent of the poverty level, as permitted by  
32 federal law;

33 (vi)] Shall provide, subject to the limitations of the State budget,  
34 comprehensive medical care and other health care services for all legal immigrants  
35 who meet Program eligibility standards and who arrived in the United States before  
36 August 22, 1996, the effective date of the federal Personal Responsibility and Work  
37 Opportunity Reconciliation Act, as permitted by federal law;

1 [(vii)] (VI) Shall provide, subject to the limitations of the State  
2 budget and any other requirements imposed by the State, comprehensive medical  
3 care and other health care services for all legal immigrant children under the age of  
4 18 years and pregnant women who meet Program eligibility standards and who  
5 arrived in the United States on or after August 22, 1996, the effective date of the  
6 federal Personal Responsibility and Work Opportunity Reconciliation Act;

7 [(viii)] (VII) May include bedside nursing care for eligible Program  
8 recipients; and

9 [(ix)] (VIII) Shall provide services in accordance with funding  
10 restrictions included in the annual State budget bill.

11 (3) Subject to restrictions in federal law or waivers, the Department may  
12 impose cost-sharing on Program recipients.

13 **Article - Insurance**

14 15-124.

15 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
16 INDICATED.

17 (2) "BLANKET HEALTH INSURANCE" HAS THE MEANINGS STATED IN §  
18 15-301 OF THIS TITLE.

19 (3) "GROUP HEALTH INSURANCE" HAS THE MEANING STATED IN § 15-301  
20 OF THIS TITLE.

21 (B) THIS SECTION APPLIES TO INSURERS AND NONPROFIT HEALTH SERVICE  
22 PLANS THAT ISSUE OR DELIVER GROUP HEALTH INSURANCE POLICIES OR BLANKET  
23 HEALTH INSURANCE POLICIES IN THE STATE.

24 (C) SUBJECT TO SUBSECTION (D) OF THIS SECTION, WHEN ISSUING OR  
25 RENEWING A BLANKET OR GROUP HEALTH INSURANCE POLICY WITH AN EMPLOYER  
26 THAT DOES NOT INCLUDE DEPENDENT COVERAGE, AN ENTITY SUBJECT TO THIS  
27 SECTION MAY OFFER TO ANY INSURED EMPLOYEE OF THE EMPLOYER A HEALTH  
28 BENEFIT PLAN WITH DEPENDENT COVERAGE TO COVER ANY DEPENDENT OF THE  
29 EMPLOYEE.

30 (D) (1) FOR ANY HEALTH BENEFIT PLAN THAT AN ENTITY SUBJECT TO THIS  
31 SECTION OFFERS TO AN INSURED EMPLOYEE UNDER SUBSECTION (C) OF THIS  
32 SECTION, THE HEALTH BENEFIT SHALL SATISFY THE REQUIREMENTS OF  
33 PARAGRAPH (2) OF THIS SUBSECTION TO BE CONSIDERED A QUALIFYING PLAN TO  
34 ENABLE THE EMPLOYEE, IF APPLICABLE, TO CLAIM A TAX CREDIT UNDER § 10-709 OF  
35 THE TAX - GENERAL ARTICLE.

36 (2) TO BE CONSIDERED A QUALIFYING PLAN, A HEALTH BENEFIT PLAN  
37 OFFERED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE HEALTH

1 INSURANCE COVERAGE THAT IS ACTUARIALLY EQUIVALENT TO ONE OF THE  
2 FOLLOWING:

3 (I) THE STANDARD BLUE CROSS/BLUE SHIELD PREFERRED  
4 PROVIDER OPTION UNDER THE FEDERAL EMPLOYEES HEALTH BENEFIT PLAN;

5 (II) A HEALTH BENEFIT PLAN THAT IS OFFERED AND GENERALLY  
6 AVAILABLE TO STATE EMPLOYEES; OR

7 (III) HEALTH INSURANCE COVERAGE OFFERED BY THE HEALTH  
8 MAINTENANCE ORGANIZATION THAT HAS THE LARGEST INSURED COMMERCIAL,  
9 NON-MEDICAID ENROLLMENT OF COVERED LIVES IN THE STATE.

10 (E) (1) AN ENTITY SUBJECT TO THIS SECTION THAT PROPOSES TO OFFER A  
11 HEALTH BENEFIT PLAN WITH DEPENDENT COVERAGE UNDER SUBSECTION (C) OF  
12 THIS SECTION SHALL FILE ITS PROPOSED HEALTH BENEFIT PLAN WITH THE  
13 COMMISSIONER ON OR BEFORE THE DATE DESIGNATED BY THE COMMISSIONER FOR  
14 THE PURPOSE OF THE COMMISSIONER DETERMINING WHETHER THE ENTITY'S  
15 PROPOSED HEALTH BENEFIT PLAN SATISFIES THE REQUIREMENTS OF SUBSECTION  
16 (D)(2) OF THIS SECTION.

17 (2) UNLESS THE COMMISSIONER PREVIOUSLY HAS DISAPPROVED A  
18 HEALTH BENEFIT PLAN, THE PLAN IS DEEMED APPROVED 60 DAYS AFTER ITS FILING  
19 WITH THE COMMISSIONER.

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#### **Article - Tax - General**

21 10-709.

22 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
23 INDICATED.

24 (2) "APPLICABLE POVERTY INCOME LEVEL" MEANS THE AMOUNT  
25 SPECIFIED IN THE POVERTY INCOME STANDARD THAT CORRESPONDS TO THE  
26 NUMBER OF EXEMPTIONS TO WHICH THE INDIVIDUAL IS ENTITLED AND CLAIMS  
27 UNDER § 10-211(1) OF THIS TITLE.

28 (3) "ELIGIBLE LOW INCOME TAXPAYER" MEANS AN INDIVIDUAL, OR AN  
29 INDIVIDUAL AND THE INDIVIDUAL'S SPOUSE IF THEY FILE A JOINT TAX RETURN:

30 (I) WHOSE MODIFIED ADJUSTED GROSS INCOME DOES NOT  
31 EXCEED 225% OF THE APPLICABLE POVERTY INCOME LEVEL; AND

32 (II) WHO IS NOT CLAIMED AS AN EXEMPTION ON ANOTHER  
33 INDIVIDUAL'S TAX RETURN UNDER § 10-211 OF THIS TITLE.

34 (4) "MODIFIED ADJUSTED GROSS INCOME" MEANS THE GREATER OF:

35 (I) FEDERAL ADJUSTED GROSS INCOME AS MODIFIED UNDER §§  
36 10-204 THROUGH 10-206 OF THIS TITLE; AND

1 (II) EARNED INCOME AS DEFINED UNDER § 32(C)(2) OF THE  
2 INTERNAL REVENUE CODE.

3 (5) "POVERTY INCOME STANDARD" MEANS THE MOST RECENT POVERTY  
4 INCOME GUIDELINE PUBLISHED BY THE UNITED STATES DEPARTMENT OF HEALTH  
5 AND HUMAN SERVICES, AVAILABLE AS OF JULY 1 OF THE TAXABLE YEAR.

6 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN ELIGIBLE LOW  
7 INCOME TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN  
8 AMOUNT EQUAL TO THE APPLICABLE PERCENTAGE SPECIFIED IN SUBSECTION (C)  
9 OF THIS SECTION OF PREMIUMS PAID BY THE ELIGIBLE LOW INCOME TAXPAYER  
10 ATTRIBUTABLE TO DEPENDENT COVERAGE UNDER A HEALTH BENEFIT PLAN  
11 INSURANCE POLICY OR CERTIFICATE WITH DEPENDENT COVERAGE THAT IS A  
12 QUALIFYING PLAN UNDER § 15-124 OF THE INSURANCE ARTICLE.

13 (2) AN ELIGIBLE LOW INCOME TAXPAYER WHO IS CLAIMING A CREDIT  
14 AGAINST STATE INCOME UNDER SUBSECTION (C)(4) OF THIS SECTION MAY CLAIM  
15 THE CREDIT FOR PREMIUMS PAID BY THE ELIGIBLE LOW INCOME TAXPAYER  
16 ATTRIBUTABLE TO DEPENDENT COVERAGE UNDER A HEALTH BENEFIT PLAN THAT  
17 IS NOT A QUALIFYING PLAN UNDER § 15-124 OF THE INSURANCE ARTICLE.

18 (C) THE APPLICABLE PERCENTAGE UNDER SUBSECTION (B) OF THIS SECTION  
19 IS:

20 (1) 100% IF THE ELIGIBLE LOW INCOME TAXPAYER'S MODIFIED  
21 ADJUSTED GROSS INCOME DOES NOT EXCEED 150% OF THE APPLICABLE POVERTY  
22 INCOME LEVEL;

23 (2) 80% IF THE ELIGIBLE LOW INCOME TAXPAYER'S MODIFIED  
24 ADJUSTED GROSS INCOME IS GREATER THAN 150% OF THE APPLICABLE POVERTY  
25 INCOME LEVEL BUT DOES NOT EXCEED 185% OF THE APPLICABLE POVERTY INCOME  
26 LEVEL;

27 (3) 60% IF THE ELIGIBLE LOW INCOME TAXPAYER'S MODIFIED  
28 ADJUSTED GROSS INCOME IS GREATER THAN 185% OF THE APPLICABLE POVERTY  
29 INCOME LEVEL BUT DOES NOT EXCEED 200% OF THE APPLICABLE POVERTY INCOME  
30 LEVEL; AND

31 (4) 40% IF THE ELIGIBLE LOW INCOME TAXPAYER'S MODIFIED  
32 ADJUSTED GROSS INCOME IS GREATER THAN 200% OF THE APPLICABLE POVERTY  
33 INCOME LEVEL BUT DOES NOT EXCEED 225% OF THE APPLICABLE POVERTY INCOME  
34 LEVEL.

35 (D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR  
36 EXCEEDS THE STATE INCOME TAX IMPOSED ON THE ELIGIBLE LOW INCOME  
37 TAXPAYER FOR THAT TAXABLE YEAR, CALCULATED BEFORE APPLICATION OF THE  
38 CREDITS UNDER THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT  
39 AFTER APPLICATION OF THE OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE,  
40 THE EXCESS OF THE CREDIT SHALL BE REFUNDED.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 July 1, 1998 and shall be applicable to all taxable years beginning after December 31,  
3 1997.