
By: **Delegates Conroy and Pitkin**

Introduced and read first time: February 16, 1998

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Uncompensated Health Care - Health Care Tax**

3 FOR the purpose of requiring the Insurance Commissioner to assess a certain health
4 care tax on certain carriers to help defray the costs of uncompensated care
5 incurred by certain health care facilities under certain circumstances; requiring
6 a certain carrier to submit a certain semiannual report to the Commissioner and
7 to the Secretary of Health and Mental Hygiene; requiring the Health Services
8 Cost Review Commission to submit a certain semiannual report to the
9 Insurance Commissioner; requiring the Commissioner to pay a certain tax to the
10 Maryland Health Care Foundation; authorizing the Commissioner to adopt
11 certain regulations; qualifying a certain exemption from taxation under certain
12 provisions of law for certain persons; defining certain terms; and generally
13 relating to the assessment of a certain health care tax for certain purposes.

14 BY repealing and reenacting, without amendments,
15 Article - Insurance
16 Section 1-101(a) and (m)
17 Annotated Code of Maryland
18 (1997 Volume)

19 BY repealing and reenacting, with amendments,
20 Article - Insurance
21 Section 6-101
22 Annotated Code of Maryland
23 (1997 Volume)

24 BY adding to
25 Article - Insurance
26 Section 6-401 through 6-406, inclusive, to be under the new subtitle "Subtitle 4.
27 Health Care Tax"
28 Annotated Code of Maryland
29 (1997 Volume)

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

3 **Article - Insurance**

4 1-101.

5 (a) In this article the following words have the meanings indicated.

6 (m) "Commissioner" means the Maryland Insurance Commissioner.

7 6-101.

8 (a) The following persons are subject to taxation under this subtitle:

9 (1) a person engaged as principal in the business of writing insurance
10 contracts, surety contracts, guaranty contracts, or annuity contracts;

11 (2) an attorney in fact for a reciprocal insurer;

12 (3) the Maryland Automobile Insurance Fund; and

13 (4) a credit indemnity company.

14 (b) The following persons are not subject to taxation under this subtitle:

15 (1) EXCEPT AS PROVIDED IN SUBTITLE 4 OF THIS TITLE, a nonprofit
16 health service plan corporation;

17 (2) a fraternal benefit society;

18 (3) EXCEPT AS PROVIDED IN SUBTITLE 4 OF THIS TITLE, a health
19 maintenance organization authorized by Title 19, Subtitle 7 of the Health - General
20 Article;

21 (4) a surplus lines broker, who is subject to taxation in accordance with
22 Title 3, Subtitle 3 of this article; or

23 (5) an unauthorized insurer, who is subject to taxation in accordance
24 with Title 4, Subtitle 2 of this article.

25 **SUBTITLE 4. HEALTH CARE TAX.**

26 6-401.

27 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
28 INDICATED.

29 (B) "CARRIER" MEANS:

30 (1) AN INSURER;

- 1 (2) A NONPROFIT HEALTH SERVICE PLAN;
- 2 (3) A HEALTH MAINTENANCE ORGANIZATION;
- 3 (4) A DENTAL PLAN ORGANIZATION; OR
- 4 (5) ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS
- 5 SUBJECT TO REGULATION BY THE STATE.

6 (C) "HEALTH CARE FACILITY" HAS THE MEANING STATED IN § 19-101(F) OF
7 THE HEALTH - GENERAL ARTICLE.

8 6-402.

9 TO HELP DEFRAY THE COSTS OF UNCOMPENSATED CARE INCURRED BY A
10 HEALTH CARE FACILITY THAT PROVIDES HEALTH CARE SERVICES TO THE
11 ENROLLEES OR INSUREDS OF A CARRIER, THE COMMISSIONER SHALL ASSESS A
12 HEALTH CARE TAX ON THE CARRIER IN THE AMOUNT OF 5% OF THE TOTAL
13 PREMIUMS THAT THE CARRIER BILLS TO ITS ACCOUNTS IN THE STATE DURING ANY
14 6-MONTH PERIOD IN WHICH:

15 (1) THE COMMISSIONER OR THE SECRETARY OF HEALTH AND MENTAL
16 HYGIENE DETERMINES THAT A CARRIER HAS NOT CONTRACTED FOR THE USE OF A
17 HEALTH CARE FACILITY FOR ONE OR MORE HEALTH CARE SERVICES PROVIDED
18 UNDER THE CARRIER'S HEALTH BENEFIT PLAN;

19 (2) THE CARRIER SELLS ITS HEALTH PLAN SERVICES TO RESIDENTS
20 WHO LIVE IN THE PRIMARY SERVICE AREA OF A HEALTH CARE FACILITY WHICH, FOR
21 THE PREVIOUS YEAR, HAS EXPERIENCED UNCOMPENSATED CARE COSTS EQUAL TO
22 OR GREATER THAN THE STATEWIDE AVERAGE OF UNCOMPENSATED CARE COSTS
23 FOR THAT YEAR; AND

24 (3) AT LEAST 10% OF THE CARRIER'S ENROLLEES OR INSUREDS WHO
25 HAVE IN-STATE RESIDENCES RESIDE IN THE PRIMARY SERVICE AREA OF A HEALTH
26 CARE FACILITY.

27 6-403.

28 SEMIANNUALLY, A CARRIER SHALL SUBMIT A REPORT TO THE COMMISSIONER
29 AND THE SECRETARY OF HEALTH AND MENTAL HYGIENE CONCERNING:

30 (1) THE TYPE OF HEALTH CARE SERVICES A HEALTH CARE FACILITY
31 PROVIDED TO THE ENROLLEES AND INSUREDS OF THE CARRIER FOR THE PREVIOUS
32 6-MONTH PERIOD;

33 (2) THE LEVEL OF BUSINESS THE CARRIER CONDUCTED WITH ANY
34 HEALTH CARE FACILITY DURING THE PREVIOUS 6-MONTH PERIOD; AND

1 (3) THE NUMBER OF ENROLLEES OR INSUREDS OF THE CARRIER AND
2 THE PLACE OF RESIDENCE BY ZIP CODE OF THE ENROLLEES OR INSUREDS OF THE
3 CARRIER.

4 6-404.

5 SEMIANNUALLY, THE HEALTH SERVICES COST REVIEW COMMISSION SHALL
6 SUBMIT TO THE COMMISSIONER A REPORT CONCERNING ANY HEALTH CARE
7 FACILITY UNDER THE JURISDICTION OF THE COMMISSION THAT HAS REPORTED A
8 LEVEL OF UNCOMPENSATED CARE IN EXCESS OF 6% OF THE GROSS REVENUES OF
9 THE HEALTH CARE FACILITY.

10 6-405.

11 THE COMMISSIONER SHALL PAY THE HEALTH CARE TAX THE COMMISSIONER
12 COLLECTS UNDER § 6-402 OF THIS SECTION TO THE MARYLAND HEALTH CARE
13 FOUNDATION.

14 6-406.

15 THE COMMISSIONER MAY ADOPT ANY REGULATION NECESSARY TO CARRY OUT
16 THIS SUBTITLE.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 October 1, 1998.