
By: **Chairman, Economic Matters Committee (Departmental - Health and Mental Hygiene)**

Introduced and read first time: February 11, 1999

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Children and Families Health Care Program**

3 FOR the purpose of repealing the requirement that the Department of Health and
4 Mental Hygiene implement a program to provide health insurance to certain
5 individuals through certain employer sponsored or individual health benefit
6 plans; repealing the requirement that certain individuals pay a certain annual
7 family contribution amount to participate in the Children and Families Health
8 Care Program; altering the purposes of the Maryland Health Care Foundation;
9 repealing the requirement that certain persons conduct certain studies and
10 report the results on an annual basis; providing for the effective date of this Act;
11 and generally relating to the Children and Families Health Care Program.

12 BY repealing and reenacting, with amendments,
13 Article - Health - General
14 Section 15-301 and 15-305
15 Annotated Code of Maryland
16 (1994 Replacement Volume and 1998 Supplement)

17 BY repealing
18 Chapter 110 of the Acts of the General Assembly of 1998
19 Section 4

20 BY repealing and reenacting, without amendments,
21 Chapter 110 of the Acts of the General Assembly of 1998
22 Section 5 through 12

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

25 **Article - Health - General**

26 15-301.

27 (a) In this section, "carrier" means:

- 1 (1) An insurer;
- 2 (2) A nonprofit service plan;
- 3 (3) A health maintenance organization; or
- 4 (4) Any other person that provides health benefit plans subject to
5 regulation by the State.

6 (b) There is a Children and Families Health Care Program.

7 (c) The Children and Families Health Care Program shall provide, subject to
8 the limitations of the State budget and any other requirements imposed by the State
9 and as permitted by federal law or waiver, comprehensive medical care and other
10 health care services to an individual who has a family income at or below 200 percent
11 of the federal poverty level and who is under the age of 19 years.

12 (d) [On or before July 1, 1999, the Department of Health and Mental Hygiene
13 shall develop and implement a program to provide comprehensive medical care and
14 other health care services to eligible individuals with a family income that is above
15 185 percent of the federal poverty level but does not exceed 200 percent of the federal
16 poverty level through employer sponsored health benefit plans or individual health
17 benefit plans.

18 (e)] The Children and Families Health Care Program shall be administered
19 through[:

20 (1) The] THE program under Subtitle 1 of this title requiring individuals
21 to enroll in managed care organizations[; or

22 (2) The program developed under subsection (d) of this section].

23 [(f) (1) Except as provided in paragraph (2) of this subsection, upon
24 implementation of the program under subsection (d) of this section, an individual
25 with a family income that is above 185 percent of the federal poverty level but does
26 not exceed 200 percent of the federal poverty level is not eligible for the program
27 under Subtitle 1 of this title and is only eligible to receive a voucher to cover the costs
28 of dependent coverage if:

29 (i) Dependent coverage is available to the individual under an
30 employer sponsored health benefit plan or an individual health benefit plan; and

31 (ii) Dependent coverage under an employer sponsored health
32 benefit plan or individual health benefit plan has been certified by the Secretary
33 under paragraph (4) of this subsection at the time the individual is determined to be
34 eligible for the Children and Families Health Care Program.

35 (2) An individual who is in the Children and Families Health Care
36 Program under Subtitle 1 of this title may remain in that program even if a certified

1 employer sponsored health benefit plan or a certified individual health benefit plan
2 becomes available.

3 (3) An eligible individual may be enrolled in an employer sponsored
4 health benefit plan or individual health benefit plan under:

5 (i) An independent insurance policy; or

6 (ii) An add-on to an existing policy.

7 (4) (i) A carrier that intends to participate in the Children and
8 Families Health Care Program under subsection (d) of this section shall submit its
9 health benefit plan to the Secretary.

10 (ii) The Secretary, in consultation with the Commissioner, shall
11 certify, within a reasonable time, if the employer sponsored health benefit plan or
12 individual health benefit plan meets the coverage requirements under Title XXI of
13 the Social Security Act and any other federal requirements, and includes a benefit
14 that is substantially equivalent to the early and periodic screening diagnosis and
15 treatment program.

16 (iii) If the Secretary determines that the employer sponsored health
17 benefit plan or individual health benefit plan does not meet the requirements of
18 subparagraph (ii) of this paragraph, the Secretary shall notify the carrier of that
19 determination within a reasonable time.

20 (iv) As part of the certification review under subparagraph (ii) of
21 this paragraph, the Secretary shall ensure that the premium payment for the eligible
22 individual's portion of the benefit cost to be paid by the State in accordance with
23 paragraph (6)(ii) of this subsection, does not exceed the cost that the State would
24 incur if the individual was enrolled in the program under Subtitle 1 of this title.

25 (v) A carrier participating in the Children and Families Health
26 Care Program shall offer its health benefit plans:

27 1. For employer sponsored health benefit plans to each
28 employer that has employees with dependents who may qualify for the program
29 under subsection (d) of this section; or

30 2. For individual health benefit plans to each individual who
31 may qualify for the program under subsection (d) of this section.

32 (5) A carrier that participates in the Children and Families Health Care
33 Program shall submit a certification of eligibility for the eligible individual on the
34 form required by the Secretary.

35 (6) In consultation with the Commissioner, the Secretary shall:

36 (i) Approve premium payments at a level that is adjusted to the
37 benefits provided; and

1 (ii) Upon notice of enrollment of an eligible individual into a
2 qualified employer sponsored health benefit plan or individual health benefit plan,
3 make premium payments for the eligible individual's portion of the benefit cost
4 directly to the carrier.]

5 [(g) (1) In this subsection, "family contribution" means the portion of the
6 premium cost paid by an eligible individual to enroll and participate in the Children
7 and Families Health Care Program.

8 (2) On or before July 1, 1999 and in addition to any other requirements
9 of this subtitle, as a requirement to enroll and maintain participation in the Children
10 and Families Health Care Program, an individual's parent or guardian shall agree to
11 pay an annual family contribution amount determined by the Department in
12 accordance with paragraph (3) of this subsection.

13 (3) (i) For eligible individuals whose family income is at or above 185
14 percent of the federal poverty level, the Department shall develop an annual family
15 contribution amount payment system such that the cost of the family contribution is
16 at least 1 percent of the annual family income but does not exceed 2 percent of the
17 annual family income.

18 (ii) The Department shall determine by regulation the schedules
19 and the method of collection for the family contribution amount under subparagraph
20 (i) of this paragraph.]

21 15-305.

22 [(a)] The purpose of the Health Care Foundation under this section is to:

23 (1) Develop programs to expand the availability of health insurance
24 coverage to low-income, uninsured children [in accordance with subsection (b) of this
25 section];

26 (2) Involve the private health insurance market in the delivery of health
27 insurance coverage [in accordance with subsection (b) of this section] TO
28 LOW-INCOME, UNINSURED CHILDREN IN THE STATE AND THEIR FAMILIES;

29 (3) Identify and aggressively pursue a mix of State, federal, and private
30 funds, including grants, to enable the Foundation to provide and fund health care
31 insurance coverage [in accordance with subsection (b) of this section];

32 (4) Develop methods to minimize the effect of employers or employees
33 terminating employer sponsored health insurance or privately purchased health care
34 insurance; and

35 (5) Coordinate its activities with the other necessary entities in order to
36 address the health care needs of the low-income, uninsured children of the State and
37 their families.

1 [(b) The Department of Health and Mental Hygiene, in consultation with the
2 Maryland Insurance Administration, the Health Care Access and Cost Commission,
3 the Foundation, the business community, and the health care insurance industry
4 shall:

5 (1) Conduct a study to determine the feasibility and cost effectiveness of
6 providing health insurance coverage through the private market to uninsured
7 children and their families, and in particular to those individuals with a family
8 income between 185 percent of the federal poverty level and 200 percent of the federal
9 poverty level, as part of the Program established under § 15-301 of this subtitle; and

10 (2) Recommend programs to provide health insurance coverage through
11 the private market to uninsured children and their families that would qualify for the
12 enhanced federal match provided for under Title XXI of the Social Security Act as part
13 of the Program established under § 15-301 of this subtitle.

14 (c) The Department shall report on the result of its study and its
15 recommendations to the Governor, and in accordance with § 2-1246 of the State
16 Government Article, to the General Assembly, on or before December 1, 1998 and each
17 December 1 thereafter.]

18

Chapter 110 of the Acts of 1998

19 [SECTION 4. AND BE IT FURTHER ENACTED, That the Department of
20 Health and Mental Hygiene shall submit to the federal Health Care Financing
21 Administration a State plan to implement the Children and Families Health Care
22 Program established under § 15-301 of the Health - General Article.
23 Notwithstanding the provisions of § 15-301 of the Health - General Article, the
24 Department shall not be required to include a description of the use of employer
25 sponsored health benefit plans, individual health benefit plans, or family contribution
26 amount requirements in the State plan that the Department submits to the federal
27 Health Care Financing Administration. However, the Department shall submit to the
28 federal Health Care Financing Administration a proposed amendment to the State
29 plan to include the use of employer sponsored health benefit plans and individual
30 health benefit plans for individuals with a family income above 185 percent of the
31 federal poverty level but does not exceed 200 percent of the federal poverty level, and
32 the use of family contribution amounts in sufficient time to meet the July 1, 1999
33 implementation date for employer sponsored health benefit plans, individual health
34 benefit plans, and family contribution amount requirements.]

35 SECTION 5. AND BE IT FURTHER ENACTED, That authorization is
36 granted to the Governor to transfer by contract, grant, or otherwise, \$500,000 to the
37 Foundation in the 1998 fiscal year or 1999 fiscal year budgets to cover the expenses
38 associated with the operation of the Foundation.

39 SECTION 6. AND BE IT FURTHER ENACTED, That the Department of
40 Health and Mental Hygiene shall seek a written determination or decision from the
41 federal Health Care Financing Administration as to whether the State can employ a
42 refundable tax credit in the Children and Families Health Care Program established

1 under § 15-301 of the Health - General Article. On or before December 1, 1998, the
2 Department shall report to the General Assembly, in accordance with § 2-1246 of the
3 State Government Article, on the following:

4 (1) the federal Health Care Financing Administration's written
5 determination or decision as to whether the State can employ a refundable tax credit
6 in the Children and Families Health Care Program; and

7 (2) if the federal Health Care Financing Administration approves a
8 refundable tax credit, the feasibility of and methods for employing a refundable tax
9 credit in the Children and Families Health Care Program.

10 SECTION 7. AND BE IT FURTHER ENACTED, That the Department of
11 Health and Mental Hygiene shall seek a written determination or decision from the
12 federal Health Care Financing Administration as to whether the State can extend the
13 use of employer sponsored health benefit plans or individual health benefit plans on
14 a voluntary basis to individuals who have a family income at or below 185 percent of
15 the federal poverty level. On or before December 1, 1998, the Department shall report
16 to the General Assembly, in accordance with § 2-1246 of the State Government
17 Article, on the following:

18 (1) the federal Health Care Financing Administration's written
19 determination or decision as to whether the State can extend the use of an employer
20 sponsored health benefit plan or an individual health benefit plan on a voluntary
21 basis to individuals with a family income at or below 185 percent of the federal
22 poverty level; and

23 (2) if the federal Health Care Financing Administration approves
24 extending the use of an employer sponsored health benefit plan or an individual
25 health benefit plan to individuals with a family income at or below 185 percent of the
26 federal poverty level, the feasibility of and methods for implementing the use of
27 employer sponsored health benefit plans or individuals health benefit plans on a
28 voluntary basis to individuals with a family income at or below 185 percent of the
29 federal poverty level.

30 SECTION 8. AND BE IT FURTHER ENACTED, That, on or before December
31 1, 1998, the Department of Health and Mental Hygiene shall study and report to the
32 Governor and, in accordance with § 2-1246 of the State Government Article, to the
33 General Assembly on the administrative costs associated with mandating the use of
34 employer sponsored health benefit plans, individual health benefit plans, and family
35 contribution requirements, including an estimate of the administrative costs that the
36 Department, carriers, managed care organizations, and employers will incur in
37 implementing the use of employer sponsored health benefit plans, individual health
38 benefit plans, and family contribution amounts. Notwithstanding the provisions of
39 this Section, the Department shall take whatever steps are necessary to move
40 forward with the implementation of the requirements contained in Title 15, Subtitle 3
41 of the Health - General Article.

1 SECTION 9. AND BE IT FURTHER ENACTED, That on or before December
2 1, 1998, the Department of Legislative Services shall study and report to the
3 Governor and, in accordance with § 2-1246 of the State Government Article, the
4 General Assembly on the structure and organization of entities similar to the
5 Maryland Health Care Foundation established under § 20-501 of the Health -
6 General Article.

7 SECTION 10. AND BE IT FURTHER ENACTED, That if any provision of this
8 Act or the application thereof to any person or circumstance is not approved by the
9 federal Health Care Financing Administration, that disapproval does not affect other
10 provisions or any other application of this Act which is approved, and for this purpose
11 the provisions of this Act are declared severable.

12 SECTION 11. AND BE IT FURTHER ENACTED, That at the end of June 30,
13 2004, with no further action required by the General Assembly, Section 3 of this Act
14 shall be abrogated and of no further force and effect.

15 SECTION 12. AND BE IT FURTHER ENACTED, That this Act is an
16 emergency measure, is necessary for the immediate preservation of the public health
17 and safety, has been passed by a ye and nay vote supported by three-fifths of all the
18 members elected to each of the two Houses of the General Assembly, and shall take
19 effect from the date it is enacted.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
21 effect June 1, 1999.