

SENATE BILL 738

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1999 Regular Session
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CF HB 638

By: **Senator Bromwell**

Introduced and read first time: February 25, 1999

Assigned to: Rules

Re-referred to: Finance, February 26, 1999

Committee Report: Favorable

Senate action: Adopted

Read second time: March 23, 1999

CHAPTER _____

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

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

3 **Article - Health - General**

4 15-301.

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

6 (1) An insurer;

7 (2) A nonprofit service plan;

8 (3) A health maintenance organization; or

9 (4) Any other person that provides health benefit plans subject to
10 regulation by the State.

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

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

17 (d) [On or before July 1, 1999, the Department of Health and Mental Hygiene
18 shall develop and implement a program to provide comprehensive medical care and
19 other health care services to eligible individuals with a family income that is above
20 185 percent of the federal poverty level but does not exceed 200 percent of the federal
21 poverty level through employer sponsored health benefit plans or individual health
22 benefit plans.

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

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

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

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

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

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

5 (2) An individual who is in the Children and Families Health Care
6 Program under Subtitle 1 of this title may remain in that program even if a certified
7 employer sponsored health benefit plan or a certified individual health benefit plan
8 becomes available.

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

11 (i) An independent insurance policy; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 15-305.

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

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

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

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

1 (4) Develop methods to minimize the effect of employers or employees
2 terminating employer sponsored health insurance or privately purchased health care
3 insurance; and

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

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

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

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

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

24

Chapter 110 of the Acts of 1998

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

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

5 SECTION 6. AND BE IT FURTHER ENACTED, That the Department of
6 Health and Mental Hygiene shall seek a written determination or decision from the
7 federal Health Care Financing Administration as to whether the State can employ a
8 refundable tax credit in the Children and Families Health Care Program established
9 under § 15-301 of the Health - General Article. On or before December 1, 1998, the
10 Department shall report to the General Assembly, in accordance with § 2-1246 of the
11 State Government Article, on the following:

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

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

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

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

31 (2) if the federal Health Care Financing Administration approves
32 extending the use of an employer sponsored health benefit plan or an individual
33 health benefit plan to individuals with a family income at or below 185 percent of the
34 federal poverty level, the feasibility of and methods for implementing the use of
35 employer sponsored health benefit plans or individuals health benefit plans on a
36 voluntary basis to individuals with a family income at or below 185 percent of the
37 federal poverty level.

38 SECTION 8. AND BE IT FURTHER ENACTED, That, on or before December
39 1, 1998, the Department of Health and Mental Hygiene shall study and report to the
40 Governor and, in accordance with § 2-1246 of the State Government Article, to the
41 General Assembly on the administrative costs associated with mandating the use of
42 employer sponsored health benefit plans, individual health benefit plans, and family

1 contribution requirements, including an estimate of the administrative costs that the
2 Department, carriers, managed care organizations, and employers will incur in
3 implementing the use of employer sponsored health benefit plans, individual health
4 benefit plans, and family contribution amounts. Notwithstanding the provisions of
5 this Section, the Department shall take whatever steps are necessary to move
6 forward with the implementation of the requirements contained in Title 15, Subtitle 3
7 of the Health - General Article.

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

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

19 SECTION 11. AND BE IT FURTHER ENACTED, That at the end of June 30,
20 2004, with no further action required by the General Assembly, Section 3 of this Act
21 shall be abrogated and of no further force and effect.

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

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