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(PRE-FILED)

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By: **Delegates Taylor, Busch, Guns, Dewberry, Hurson, Arnick, Harrison,  
Hixson, Howard, Kopp, Menes, Montague, Rawlings, Rosenberg, and  
Vallario**

Requested: November 15, 1999

Introduced and read first time: January 12, 2000

Assigned to: Economic Matters and Environmental Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Children's Health Program Expansion Act of 2000**

3 FOR the purpose of expanding eligibility for the Children and Families Health Care  
4 Program to certain individuals under a private option plan; requiring that  
5 certain individuals enrolled in the Program receive health benefits through an  
6 employer-sponsored health benefit plan or a certain managed care organization;  
7 establishing certain criteria for approval of a certain employer-sponsored health  
8 benefit plan; providing that certain individuals enrolled in the Program receive  
9 health benefits through certain managed care organizations; requiring the  
10 Department of Health and Mental Hygiene to perform certain administrative  
11 duties; requiring certain parents and guardians to pay a certain family  
12 contribution; changing the name of the Children and Families Health Care  
13 Program; providing that certain individuals are exempt from certain enrollment  
14 restrictions; defining certain terms; providing for a delayed effective date; and  
15 generally relating to health insurance coverage for children.

16 BY adding to  
17 Article - Health - General  
18 Section 15-301.1  
19 Annotated Code of Maryland  
20 (1994 Replacement Volume and 1999 Supplement)

21 BY repealing and reenacting, with amendments,  
22 Article - Health - General  
23 Section 15-101(f) and 15-301 through 15-304, inclusive, to be under the  
24 amended subtitle "Subtitle 3. Maryland Children's Health Program"  
25 Annotated Code of Maryland  
26 (1994 Replacement Volume and 1999 Supplement)

27 BY repealing and reenacting, without amendments,  
28 Article - Health - General

1 Section 15-305  
2 Annotated Code of Maryland  
3 (1994 Replacement Volume and 1999 Supplement)

4 BY repealing and reenacting, with amendments,  
5 Article - Insurance  
6 Section 15-1208, 15-1406, and 27-220  
7 Annotated Code of Maryland  
8 (1997 Volume and 1999 Supplement)

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

11 **Article - Health - General**

12 15-101.

13 (f) "Managed care organization" means:

14 (1) A certified health maintenance organization that is authorized to  
15 receive medical assistance prepaid capitation payments; or

16 (2) A corporation that:

17 (i) Is a managed care system that is authorized to receive medical  
18 assistance prepaid capitation payments;

19 (ii) Enrolls only program recipients or individuals or families  
20 served under the [Children and Families Health Care Program] MARYLAND  
21 CHILDREN'S HEALTH PROGRAM; and

22 (iii) Is subject to the requirements of § 15-102.4 of this title.

23 Subtitle 3. [Children and Families Health Care Program] MARYLAND CHILDREN'S  
24 HEALTH PROGRAM.

25 15-301.

26 (a) [In this section, "carrier" means:

27 (1) An insurer;

28 (2) A nonprofit service plan;

29 (3) A health maintenance organization; or

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

1 (b) There is a [Children and Families Health Care Program] MARYLAND  
2 CHILDREN'S HEALTH PROGRAM.

3 [(c) (B) The [Children and Families Health Care Program] MARYLAND  
4 CHILDREN'S HEALTH PROGRAM shall provide, subject to the limitations of the State  
5 budget and any other requirements imposed by the State and as permitted by federal  
6 law or waiver, comprehensive medical care and other health care services to an  
7 individual who has a family income at or below [200] 300 percent of the federal  
8 poverty [level] GUIDELINES and who is under the age of 19 years.

9 [(d) (C) The [Children and Families Health Care Program] MARYLAND  
10 CHILDREN'S HEALTH PROGRAM shall be administered through:

11 (1) [the] THE program under Subtitle 1 of this title requiring  
12 individuals to enroll in managed care organizations; OR

13 (2) FOR ELIGIBLE INDIVIDUALS WHOSE FAMILY INCOME IS BETWEEN  
14 200 PERCENT AND 300 PERCENT OF THE FEDERAL POVERTY GUIDELINES, THE MCHP  
15 PRIVATE OPTION PLAN UNDER § 15-301.1 OF THIS SUBTITLE.

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

19 (2) On or before July 1, 2000 and in addition to any other requirements  
20 of this subtitle, as a requirement to enroll and maintain participation in the Children  
21 and Families Health Care Program, an individual's parent or guardian shall agree to  
22 pay an annual family contribution amount determined by the Department in  
23 accordance with paragraph (3) of this subsection.

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

29 (ii) The Department shall determine by regulation the schedules  
30 and the method of collection for the family contribution amount under subparagraph  
31 (i) of this paragraph.

32 (iii) Before collecting a family contribution from any individual, the  
33 Department shall provide the individual with notice of the requirements of the family  
34 contribution amount and the options available to the individual to make premium  
35 payments.]

36 15-301.1.

37 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
38 INDICATED.

1 (2) "CARRIER" MEANS:

2 (I) AN INSURER;

3 (II) A NONPROFIT SERVICE PLAN;

4 (III) A HEALTH MAINTENANCE ORGANIZATION; OR

5 (IV) ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS  
6 SUBJECT TO REGULATION BY THE STATE.

7 (3) "ELIGIBLE INDIVIDUAL" MEANS AN INDIVIDUAL WHO QUALIFIES TO  
8 PARTICIPATE IN THE MARYLAND CHILDREN'S HEALTH PROGRAM UNDER § 15-301(B)  
9 OF THIS SUBTITLE AND WHOSE FAMILY INCOME IS BETWEEN 200 PERCENT AND 300  
10 PERCENT OF THE FEDERAL POVERTY GUIDELINES.

11 (4) "FAMILY CONTRIBUTION" MEANS THE PORTION OF THE PREMIUM  
12 COST PAID BY AN ELIGIBLE INDIVIDUAL TO ENROLL AND PARTICIPATE IN THE  
13 MARYLAND CHILDREN'S HEALTH PROGRAM.

14 (5) "MCHP PRIVATE OPTION PLAN" MEANS THE PLAN ESTABLISHED  
15 UNDER THIS SECTION FOR PROVIDING ACCESS TO HEALTH INSURANCE COVERAGE  
16 TO ELIGIBLE INDIVIDUALS THROUGH THE MARYLAND CHILDREN'S HEALTH  
17 PROGRAM.

18 (B) THIS SECTION APPLIES ONLY TO INDIVIDUALS WHOSE FAMILY INCOME IS  
19 BETWEEN 200 PERCENT AND 300 PERCENT OF THE FEDERAL POVERTY GUIDELINES.

20 (C) (1) AN ELIGIBLE INDIVIDUAL WHO IS ENROLLED IN THE MCHP PRIVATE  
21 OPTION PLAN SHALL BE INSURED THROUGH AN EMPLOYER'S HEALTH BENEFIT  
22 PLAN IF:

23 (I) THE EMPLOYER OFFERS FAMILY HEALTH INSURANCE  
24 COVERAGE TO THE PARENT OR GUARDIAN OF AN ELIGIBLE INDIVIDUAL;

25 (II) THE EMPLOYER ELECTS TO PARTICIPATE IN THE MCHP  
26 PRIVATE OPTION PLAN;

27 (III) THE PARENT OR GUARDIAN OF AN ELIGIBLE INDIVIDUAL IS  
28 INSURED UNDER THE EMPLOYER-SPONSORED HEALTH BENEFIT PLAN;

29 (IV) THE EMPLOYER CONTRIBUTES TO FAMILY HEALTH INSURANCE  
30 COVERAGE AT A RATE NO LESS THAN 50 PERCENT OF ANNUAL PREMIUMS;

31 (V) THE PLAN INCLUDES A BENEFIT PACKAGE THAT IS  
32 DETERMINED BY THE DEPARTMENT TO BE AT LEAST EQUIVALENT TO THE  
33 COMPREHENSIVE STANDARD HEALTH BENEFIT PLAN ESTABLISHED UNDER § 15-1207  
34 OF THE INSURANCE ARTICLE; AND

35 (VI) THE PLAN DOES NOT IMPOSE COST SHARING REQUIREMENTS  
36 ON ELIGIBLE INDIVIDUALS.

1 (2) IF AN EMPLOYER-SPONSORED HEALTH BENEFIT PLAN THAT MEETS  
2 THE CRITERIA UNDER PARAGRAPH (1) OF THIS SUBSECTION IS NOT AVAILABLE TO  
3 THE ELIGIBLE INDIVIDUAL, THE INDIVIDUAL SHALL BE INSURED THROUGH A  
4 MANAGED CARE ORGANIZATION AS DEFINED IN § 15-101(F) OF THIS TITLE.

5 (D) THE DEPARTMENT SHALL FACILITATE COVERAGE OF ELIGIBLE  
6 INDIVIDUALS UNDER AN EMPLOYER-SPONSORED HEALTH BENEFIT PLAN BY:

7 (1) EVALUATING EMPLOYER-SPONSORED PLANS TO DETERMINE  
8 WHETHER SPECIFIC PLANS MEET APPLICABLE STATE AND FEDERAL  
9 REQUIREMENTS;

10 (2) ASSISTING EMPLOYERS THAT WISH TO PARTICIPATE IN THE MCHP  
11 PRIVATE OPTION PLAN TO MEET THE ELIGIBILITY CRITERIA ESTABLISHED UNDER  
12 SUBSECTION (C) OF THIS SECTION;

13 (3) COLLECTING THE FAMILY CONTRIBUTION UNDER SUBSECTION (E)  
14 OF THIS SECTION;

15 (4) FORWARDING THE FAMILY CONTRIBUTION AND THE STATE'S  
16 PORTION OF THE PREMIUM DIRECTLY TO THE CARRIER; AND

17 (5) ASSISTING EMPLOYERS IN ENROLLING THE ELIGIBLE DEPENDENTS  
18 OF EMPLOYEES IN THE EMPLOYER-SPONSORED PLAN.

19 (E) AS A REQUIREMENT OF PARTICIPATION IN THE MCHP PRIVATE OPTION  
20 PLAN, THROUGH EITHER AN EMPLOYER-SPONSORED HEALTH BENEFIT PLAN OR A  
21 MANAGED CARE ORGANIZATION, THE PARENT OR GUARDIAN OF AN ELIGIBLE  
22 INDIVIDUAL SHALL AGREE TO PAY THE FOLLOWING ANNUAL FAMILY  
23 CONTRIBUTION:

24 (1) FOR AN ELIGIBLE INDIVIDUAL WHOSE FAMILY INCOME IS BETWEEN  
25 200 PERCENT AND 250 PERCENT OF THE FEDERAL POVERTY GUIDELINES, AN  
26 AMOUNT EQUAL TO 2 PERCENT OF THE ANNUAL INCOME OF A FAMILY OF TWO AT 200  
27 PERCENT OF THE FEDERAL POVERTY GUIDELINES; AND

28 (2) FOR AN ELIGIBLE INDIVIDUAL WHOSE FAMILY INCOME IS BETWEEN  
29 251 PERCENT AND 300 PERCENT OF THE FEDERAL POVERTY GUIDELINES, AN  
30 AMOUNT EQUAL TO 2 PERCENT OF THE ANNUAL INCOME OF A FAMILY OF TWO AT 250  
31 PERCENT OF THE FEDERAL POVERTY GUIDELINES.

32 (F) THE DEPARTMENT SHALL ADOPT REGULATIONS NECESSARY TO  
33 IMPLEMENT THIS SECTION.

34 15-302.

35 (a) (1) The Department shall monitor applications to determine whether  
36 employers and employees have voluntarily terminated coverage under an employer  
37 sponsored health benefit plan that included dependent coverage in order to  
38 participate in the [Children and Families Health Care Program] MARYLAND

1 CHILDREN'S HEALTH PROGRAM established under [§ 15-301] §§ 15-301 AND 15-301.1  
2 of this subtitle.

3 (2) The Department, in particular, shall review applications of  
4 individuals who qualified for Program benefits under the [Children and Families  
5 Health Care Program] MARYLAND CHILDREN'S HEALTH PROGRAM established under  
6 [§ 15-301] §§ 15-301 AND 15-301.1 of this subtitle.

7 (b) (1) An application may be disapproved if it is determined that an  
8 individual under the age of 19 years to be covered under the [Children and Families  
9 Health Care Program] MARYLAND CHILDREN'S HEALTH PROGRAM established under  
10 [§ 15-301] §§ 15-301 AND 15-301.1 of this subtitle for whom the application was  
11 submitted was covered by an employer sponsored health benefit plan with dependent  
12 coverage which was voluntarily terminated within 6 months preceding the date of the  
13 application.

14 (2) In determining whether an applicant has voluntarily terminated  
15 coverage under an employer sponsored health benefit plan for purposes of paragraph  
16 (1) of this subsection, a voluntary termination may not be construed to include:

17 (i) Loss of employment due to factors other than voluntary  
18 termination;

19 (ii) Change to a new employer that does not provide an option for  
20 dependent coverage;

21 (iii) Change of address so that no employer sponsored health benefit  
22 plan is available;

23 (iv) Discontinuation of health benefits to all dependents of  
24 employees of the applicant's employer; or

25 (v) Expiration of the applicant's continuation of coverage under the  
26 Consolidated Omnibus Budget Reconciliation Act (COBRA).

27 15-303.

28 (a) (1) The Department shall be responsible for enrolling program recipients  
29 into managed care organizations AND EMPLOYER-SPONSORED HEALTH BENEFIT  
30 PLANS under the [Children and Families Health Care Program] MARYLAND  
31 CHILDREN'S HEALTH PROGRAM established under [§ 15-301] §§ 15-301 AND 15-301.1  
32 of this subtitle.

33 (2) The Department may contract with an entity to perform any part or  
34 all of its enrollment responsibilities under paragraph (1) of this subsection.

35 (3) The Department or its enrollment contractor, to the extent feasible in  
36 its marketing, outreach, and enrollment programs, shall hire individuals receiving  
37 assistance under the Family Investment Program established under Article 88A of  
38 the Code.

1 (b) (1) To the extent allowed under federal law and regulations, the  
2 Secretary shall implement expedited eligibility for any individual who applies for the  
3 [Children and Families Health Care Program] MARYLAND CHILDREN'S HEALTH  
4 PROGRAM under [§ 15-301] §§ 15-301 AND 15-301.1 of this subtitle.

5 (2) The Secretary shall designate organizations that may:

6 (i) Assist individuals in the application process; and

7 (ii) Perform other outreach functions.

8 (3) In designating the organizations under paragraph (2) of this  
9 subsection, the Secretary shall ensure the inclusion of statewide and local  
10 organizations that provide services to children of all ages in each region of the State,  
11 and shall provide such organizations with:

12 (i) Forms that are necessary for parents, guardians, and other  
13 individuals to submit applications to the [Children and Families Health Care  
14 Program] MARYLAND CHILDREN'S HEALTH PROGRAM on behalf of a child; and

15 (ii) Information on how to assist parents, guardians, and other  
16 individuals in completing and filing such applications.

17 15-304.

18 (a) (1) For purposes of increasing the number of eligible individuals who  
19 enroll in the [Children and Families Health Care Program] MARYLAND CHILDREN'S  
20 HEALTH PROGRAM established under [§ 15-301] §§ 15-301 AND 15-301.1 of this  
21 subtitle, the Department shall develop and implement a school-based outreach  
22 program.

23 (2) As appropriate to carry out its responsibilities under paragraph (1) of  
24 this subsection, the Department may enter into contracts with county boards of  
25 education to provide information at public schools on the [Children and Families  
26 Health Care Program] MARYLAND CHILDREN'S HEALTH PROGRAM established under  
27 [§ 15-301] §§ 15-301 AND 15-301.1 of this subtitle.

28 (b) (1) For purposes of this subsection, "community-based organization"  
29 includes day care centers, schools, and school-based health clinics.

30 (2) In addition to the school-based outreach program established under  
31 subsection (a) of this section, the Department, in consultation with the Maryland  
32 Medicaid Advisory Committee established under § 15-103(b) of this title, shall  
33 develop mechanisms for outreach for the program with a special emphasis on  
34 identifying children who may be eligible for program benefits under the [Children  
35 and Families Health Care Program] MARYLAND CHILDREN'S HEALTH PROGRAM  
36 established under [§ 15-301] §§ 15-301 AND 15-301.1 of this subtitle.

37 (3) From the mechanisms to be developed for outreach under paragraph  
38 (2) of this subsection, one mechanism shall include the development and

1 dissemination of mail-in applications and appropriate outreach materials through  
2 community-based organizations, community-based providers, the Office of the State  
3 Comptroller, the Departments of Human Resources and Health and Mental Hygiene,  
4 county boards of education, and any other appropriate State agency or unit the  
5 Department considers appropriate.

6 15-305.

7 The purpose of the Health Care Foundation under this section is to:

8 (1) Develop programs to expand the availability of health insurance  
9 coverage to low-income, uninsured children;

10 (2) Involve the private health insurance market in the delivery of health  
11 insurance coverage to low-income, uninsured children in the State and their families;

12 (3) Identify and aggressively pursue a mix of State, federal, and private  
13 funds, including grants, to enable the Foundation to provide and fund health care  
14 insurance coverage;

15 (4) Develop methods to minimize the effect of employers or employees  
16 terminating employer sponsored health insurance or privately purchased health care  
17 insurance; and

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

21

#### **Article - Insurance**

22 15-1208.

23 (a) (1) A carrier may not limit coverage under a health benefit plan for a  
24 preexisting condition.

25 (2) An exclusion of coverage for preexisting conditions may not be  
26 applied to health care services furnished for pregnancy or newborns.

27 (b) (1) This subsection does not apply to a late enrollee if:

28 (i) the individual requests enrollment within 30 days after  
29 becoming an eligible employee;

30 (ii) a court has ordered coverage to be provided for a spouse or  
31 minor child under a covered employee's health benefit plan; [or]

32 (iii) a request for enrollment is made within 30 days after the  
33 eligible employee's marriage or the birth or adoption of a child; OR



1 (IV) THE INDIVIDUAL OR A FAMILY MEMBER OF THE INDIVIDUAL IS  
2 ELIGIBLE FOR ENROLLMENT UNDER § 15-301.1 OF THE HEALTH - GENERAL ARTICLE.

3 (2) Notwithstanding subsection (a) of this section, a late enrollee may be  
4 subject to a 12-month preexisting condition provision or a waiting period until the  
5 next open enrollment period not to exceed a 12-month period.

6 (c) A health benefit plan that does not use a preexisting condition provision  
7 may impose on enrollees:

8 (1) a waiting period not to exceed 90 days; or

9 (2) for 1 year, a surcharge not to exceed 1.5 times the community rate  
10 established in accordance with § 15-1205 of this subtitle.

11 (d) For a period not to exceed 6 months after the date an individual becomes  
12 an eligible employee, a health benefit plan may require deductibles and cost-sharing  
13 for benefits for a preexisting condition of the eligible employee in amounts not  
14 exceeding 1.5 times the amount of the standard deductibles and cost-sharing of other  
15 eligible employees if:

16 (1) the employee was not previously covered by a public or private plan  
17 of health insurance or another health benefit arrangement; and

18 (2) the employee was not previously employed by that employer.

19 15-1406.

20 (a) A carrier may not establish rules for eligibility of an individual to enroll  
21 under a group health benefits plan based on any health status-related factor.

22 (b) Subsection (a) of this section does not:

23 (1) require a carrier to provide particular benefits other than those  
24 provided under the terms of the particular health benefit plan; or

25 (2) prevent a carrier from establishing limitations or restrictions on the  
26 amount, level, extent, or nature of the benefits or coverage for similarly situated  
27 individuals enrolled in the health benefit plan.

28 (c) Rules for eligibility to enroll under a plan includes rules defining any  
29 applicable waiting periods for enrollment.

30 (d) A carrier shall allow an employee or dependent who is eligible, but not  
31 enrolled, for coverage under the terms of a group health benefits plan to enroll for  
32 coverage under the terms of the plan if:

33 (1) the employee or dependent was covered under an  
34 employer-sponsored plan or group health benefits plan at the time coverage was  
35 previously offered to the employee or dependent;

1           (2)       the employee states in writing, at the time coverage was previously  
2 offered, that coverage under an employer-sponsored plan or group health benefits  
3 plan was the reason for declining enrollment, but only if the plan sponsor or issuer  
4 requires the statement and provides the employee with notice of the requirement;  
5 [and]

6           (3)       the employee's or dependent's coverage described in item (1) of this  
7 subsection:

8           (i)       was under a COBRA continuation provision, and the coverage  
9 under that provision was exhausted; or

10          (ii)       was not under a COBRA continuation provision, and either the  
11 coverage was terminated as a result of loss of eligibility for the coverage, including  
12 loss of eligibility as a result of legal separation, divorce, death, termination of  
13 employment, or reduction in the number of hours of employment, or employer  
14 contributions towards the coverage were terminated; AND

15          (4)       THE EMPLOYEE'S DEPENDENT IS ELIGIBLE FOR COVERAGE IN  
16 ACCORDANCE WITH § 15-301.1 OF THE HEALTH - GENERAL ARTICLE.

17 27-220.

18       An agent, broker, or insurer may not refer an individual employee or dependent  
19 of an employee to the [Children and Families Health Care Program] MARYLAND  
20 CHILDREN'S HEALTH PROGRAM established under Title 15, Subtitle 3 of the Health -  
21 General Article or arrange for an individual employee or dependent of an employee to  
22 apply for the [Children and Families Health Care Program] MARYLAND CHILDREN'S  
23 HEALTH PROGRAM established under Title 15, Subtitle 3 of the Health - General  
24 Article if the agent, broker, or insurer has an economic interest in the referral or the  
25 arrangement and the agent's, broker's, or insurer's sole purpose is to separate that  
26 employee or that employee's dependent from group health insurance coverage  
27 provided in connection with the employee's employment.

28       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 July 1, 2001.