

SENATE BILL 201

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2000 Regular Session
Olr0181
CF HB 2

By: **The President (Administration) and Senators Bromwell, Miller, Blount, Collins, Currie, DeGrange, Dorman, Forehand, Frosh, Green, Hoffman, Hollinger, Hughes, Jimeno, Kasemeyer, Kelley, Lawlah, Middleton, Mitchell, Pinsky, Roesser, Ruben, Sfikas, Teitelbaum, and Van Hollen**

Introduced and read first time: January 24, 2000

Assigned to: Finance

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 for a
15 portion of this Act; and generally relating to health insurance coverage for
16 children.

17 BY repealing
18 Article - Health - General
19 Section 15-301(a) and (e)
20 Annotated Code of Maryland
21 (1994 Replacement Volume and 1999 Supplement)

22 BY adding to
23 Article - Health - General
24 Section 15-301.1
25 Annotated Code of Maryland
26 (1994 Replacement Volume and 1999 Supplement)

27 BY repealing and reenacting, with amendments,
28 Article - Health - General

1 Section 15-101(f); 15-301(b), (c), and (d), and 15-302 through 15-304, inclusive,
2 to be under the amended subtitle "Subtitle 3. Maryland Children's Health
3 Program"
4 Annotated Code of Maryland
5 (1994 Replacement Volume and 1999 Supplement)

6 BY repealing and reenacting, without amendments,
7 Article - Health - General
8 Section 15-305
9 Annotated Code of Maryland
10 (1994 Replacement Volume and 1999 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article - Insurance
13 Section 15-1208, 15-1406, and 27-220
14 Annotated Code of Maryland
15 (1997 Volume and 1999 Supplement)

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

18 **Article - Health - General**

19 15-301.

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

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

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

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

36 (iii) Before collecting a family contribution from any individual, the
37 Department shall provide the individual with notice of the requirements of the family

1 contribution amount and the options available to the individual to make premium
2 payments.]

3 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
4 read as follows:

5 **Article - Health - General**

6 15-101.

7 (f) "Managed care organization" means:

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

10 (2) A corporation that:

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

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

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

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

19 15-301.

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

21 (1) An insurer;

22 (2) A nonprofit service plan;

23 (3) A health maintenance organization; or

24 (4) Any other person that provides health benefit plans subject to
25 regulation by the State.]

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

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

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

3 (1) FOR INDIVIDUALS WHOSE FAMILY INCOME IS AT OR BELOW 200
4 PERCENT OF THE FEDERAL POVERTY GUIDELINES, the program under Subtitle 1 of
5 this title requiring individuals to enroll in managed care organizations; OR

6 (2) FOR ELIGIBLE INDIVIDUALS WHOSE FAMILY INCOME IS GREATER
7 THAN 200 PERCENT BUT AT OR LESS THAN 300 PERCENT OF THE FEDERAL POVERTY
8 GUIDELINES, THE MCHP PRIVATE OPTION PLAN UNDER § 15-301.1 OF THIS SUBTITLE.
9 15-301.1.

10 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
11 INDICATED.

12 (2) "CARRIER" MEANS:

13 (I) AN INSURER;

14 (II) A NONPROFIT SERVICE PLAN;

15 (III) A HEALTH MAINTENANCE ORGANIZATION; OR

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

18 (3) "ELIGIBLE INDIVIDUAL" MEANS AN INDIVIDUAL WHO QUALIFIES TO
19 PARTICIPATE IN THE MARYLAND CHILDREN'S HEALTH PROGRAM UNDER § 15-301(B)
20 OF THIS SUBTITLE AND WHOSE FAMILY INCOME IS GREATER THAN 200 PERCENT BUT
21 AT OR LESS THAN 300 PERCENT OF THE FEDERAL POVERTY GUIDELINES.

22 (4) "FAMILY CONTRIBUTION" MEANS THE PORTION OF THE PREMIUM
23 COST PAID FOR AN ELIGIBLE INDIVIDUAL TO ENROLL AND PARTICIPATE IN THE
24 MARYLAND CHILDREN'S HEALTH PROGRAM.

25 (5) "MCHP PRIVATE OPTION PLAN" MEANS THE PLAN ESTABLISHED
26 UNDER THIS SECTION FOR PROVIDING ACCESS TO HEALTH INSURANCE COVERAGE
27 TO ELIGIBLE INDIVIDUALS THROUGH EMPLOYER-SPONSORED HEALTH BENEFIT
28 PLANS AND MANAGED CARE ORGANIZATIONS UNDER THE MARYLAND CHILDREN'S
29 HEALTH PROGRAM.

30 (B) THIS SECTION APPLIES ONLY TO INDIVIDUALS WHOSE FAMILY INCOME IS
31 GREATER THAN 200 PERCENT BUT AT OR LESS THAN 300 PERCENT OF THE FEDERAL
32 POVERTY GUIDELINES.

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

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

3 (II) THE EMPLOYER ELECTS TO PARTICIPATE IN THE MCHP
4 PRIVATE OPTION PLAN;

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

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

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

13 (VI) THE PLAN DOES NOT IMPOSE COST SHARING REQUIREMENTS
14 ON ELIGIBLE INDIVIDUALS.

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

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

22 (1) EVALUATING EMPLOYER-SPONSORED HEALTH BENEFIT PLANS TO
23 DETERMINE WHETHER SPECIFIC PLANS MEET APPLICABLE STATE AND FEDERAL
24 REQUIREMENTS;

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

28 (3) COLLECTING THE FAMILY CONTRIBUTION UNDER SUBSECTION (E)
29 OF THIS SECTION;

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

32 (5) ASSISTING EMPLOYERS IN ENROLLING THE ELIGIBLE DEPENDENTS
33 OF EMPLOYEES IN THE EMPLOYER-SPONSORED HEALTH BENEFIT PLAN.

34 (E) (1) AS A REQUIREMENT OF ENROLLMENT AND PARTICIPATION IN THE
35 MCHP PRIVATE OPTION PLAN, THROUGH EITHER AN EMPLOYER-SPONSORED
36 HEALTH BENEFIT PLAN OR A MANAGED CARE ORGANIZATION, THE PARENT OR

1 GUARDIAN OF AN ELIGIBLE INDIVIDUAL SHALL AGREE TO PAY THE FOLLOWING
2 ANNUAL FAMILY CONTRIBUTION:

3 (I) FOR AN ELIGIBLE INDIVIDUAL WHOSE FAMILY INCOME IS
4 GREATER THAN 200 PERCENT BUT AT OR LESS THAN 250 PERCENT OF THE FEDERAL
5 POVERTY GUIDELINES, AN AMOUNT EQUAL TO 2 PERCENT OF THE ANNUAL INCOME
6 OF A FAMILY OF TWO AT 200 PERCENT OF THE FEDERAL POVERTY GUIDELINES; AND

7 (II) FOR AN ELIGIBLE INDIVIDUAL WHOSE FAMILY INCOME IS
8 GREATER THAN 250 PERCENT BUT AT OR LESS THAN 300 PERCENT OF THE FEDERAL
9 POVERTY GUIDELINES, AN AMOUNT EQUAL TO 2 PERCENT OF THE ANNUAL INCOME
10 OF A FAMILY OF TWO AT 250 PERCENT OF THE FEDERAL POVERTY GUIDELINES.

11 (2) THE FAMILY CONTRIBUTION AMOUNTS REQUIRED UNDER
12 PARAGRAPH (1) OF THIS SUBSECTION APPLY ON A PER FAMILY BASIS REGARDLESS
13 OF THE NUMBER OF ELIGIBLE INDIVIDUALS EACH FAMILY HAS ENROLLED IN THE
14 MCHP PRIVATE OPTION PLAN.

15 (F) THE DEPARTMENT SHALL ADOPT REGULATIONS NECESSARY TO
16 IMPLEMENT THIS SECTION.

17 15-302.

18 (a) (1) The Department shall monitor applications to determine whether
19 employers and employees have voluntarily terminated coverage under an employer
20 sponsored health benefit plan that included dependent coverage in order to
21 participate in the [Children and Families Health Care Program] MARYLAND
22 CHILDREN'S HEALTH PROGRAM established under [§ 15-301] §§ 15-301 AND 15-301.1
23 of this subtitle.

24 (2) The Department, in particular, shall review applications of
25 individuals who qualified for Program benefits under 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) An application may be disapproved if it is determined that an
29 individual under the age of 19 years to be covered under the [Children and Families
30 Health Care Program] MARYLAND CHILDREN'S HEALTH PROGRAM established under
31 [§ 15-301] §§ 15-301 AND 15-301.1 of this subtitle for whom the application was
32 submitted was covered by an employer sponsored health benefit plan with dependent
33 coverage which was voluntarily terminated within 6 months preceding the date of the
34 application.

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

38 (i) Loss of employment due to factors other than voluntary
39 termination;

- 1 (ii) Change to a new employer that does not provide an option for
2 dependent coverage;
- 3 (iii) Change of address so that no employer sponsored health benefit
4 plan is available;
- 5 (iv) Discontinuation of health benefits to all dependents of
6 employees of the applicant's employer; or
- 7 (v) Expiration of the applicant's continuation of coverage under the
8 Consolidated Omnibus Budget Reconciliation Act (COBRA).

9 15-303.

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

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

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

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

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

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

27 (ii) Perform other outreach functions.

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

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

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

1 15-304.

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

7 (2) As appropriate to carry out its responsibilities under paragraph (1) of
8 this subsection, the Department may enter into contracts with county boards of
9 education to provide information at public schools on the [Children and Families
10 Health Care Program] MARYLAND CHILDREN'S HEALTH PROGRAM established under
11 [§ 15-301] §§ 15-301 AND 15-301.1 of this subtitle.

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

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

21 (3) From the mechanisms to be developed for outreach under paragraph
22 (2) of this subsection, one mechanism shall include the development and
23 dissemination of mail-in applications and appropriate outreach materials through
24 community-based organizations, community-based providers, the Office of the State
25 Comptroller, the Departments of Human Resources and Health and Mental Hygiene,
26 county boards of education, and any other appropriate State agency or unit the
27 Department considers appropriate.

28 15-305.

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

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

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

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

37 (4) Develop methods to minimize the effect of employers or employees
38 terminating employer sponsored health insurance or privately purchased health care
39 insurance; and

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

4 **Article - Insurance**

5 15-1208.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 15-1406.

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

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

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

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

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

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

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

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

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

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

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

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

34 27-220.

35 An agent, broker, or insurer may not refer an individual employee or dependent
36 of an employee to the [Children and Families Health Care Program] MARYLAND

1 CHILDREN'S HEALTH PROGRAM established under Title 15, Subtitle 3 of the Health -
2 General Article or arrange for an individual employee or dependent of an employee to
3 apply for the [Children and Families Health Care Program] MARYLAND CHILDREN'S
4 HEALTH PROGRAM established under Title 15, Subtitle 3 of the Health - General
5 Article if the agent, broker, or insurer has an economic interest in the referral or the
6 arrangement and the agent's, broker's, or insurer's sole purpose is to separate that
7 employee or that employee's dependent from group health insurance coverage
8 provided in connection with the employee's employment.

9 SECTION 3. AND BE IT FURTHER ENACTED, That the publisher of the
10 Annotated Code of Maryland, subject to approval of the Department of Legislative
11 Services, shall correct any references to the Children and Families Health Care
12 Program throughout the Code that are rendered incorrect by this Act.

13 SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act
14 shall take effect June 1, 2000.

15 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in
16 Section 4 of this Act, this Act shall take effect July 1, 2001.