
By: **Delegates Busch and Taylor**

Introduced and read first time: February 9, 2001

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Health Insurance and Assistance Fund**

3 FOR the purpose of establishing the Maryland Health Insurance and Assistance
4 Fund; specifying the purpose of the Fund; declaring the intent of the General
5 Assembly; establishing a Board for the Fund; providing for the members and
6 officers of the Board; authorizing the Governor to remove a Board member for
7 certain reasons; specifying the terms of the initial members of the Board;
8 requiring the Board to appoint an executive director; specifying the duties of the
9 executive director; authorizing the Board to set compensation for certain
10 employees; specifying certain policies and procedures for the Board; specifying
11 the duties of the Board; exempting the Fund and the Board from certain
12 requirements of law; specifying the contents of a certain plan of operation;
13 specifying certain powers and authority of the Fund; requiring the Board to
14 submit a certain annual report to the Governor and the General Assembly;
15 establishing certain immunity for the Board; specifying the contents of the
16 Fund; requiring the Board to use the Fund to pay certain expenses; specifying
17 that the Fund is subject to certain laws in a certain manner; requiring the Board
18 to ensure that Fund enrollment does not exceed a certain financial capacity;
19 requiring the Board to establish certain premium rates; requiring the Board to
20 determine a certain rate risk; providing that a certain premium rate cannot
21 exceed a certain amount; providing that certain losses will be subsidized in a
22 certain manner; establishing certain eligibility criteria; providing for the
23 termination of certain coverage; establishing that it is unlawful for certain
24 persons to refer a certain employee to the Fund for a certain purpose;
25 authorizing the Board to establish a certain low-income subsidy program;
26 establishing the criteria for a certain low-income subsidy program; requiring
27 the Board to adopt certain regulations; authorizing the Board to select a certain
28 administrator to perform certain functions; requiring the Board to use certain
29 criteria in selecting a certain administrator; providing that a certain
30 administrator is subject to removal for certain reasons; requiring a certain
31 administrator to submit certain reports; requiring the Board to establish or
32 adopt a certain set of uniform benefits; providing that a certain benefit package
33 may exclude certain requirements; establishing a certain preexisting condition
34 exclusion; providing that certain individuals are not subject to a certain
35 exclusion; requiring a certain regulating entity to ensure that certain assets are

1 distributed to the Fund; exempting the Fund from a certain tax; repealing
2 certain provisions of law that relate to the Short-Term Prescription Drug
3 Subsidy Plan; providing for the termination of a certain substantial, available,
4 and affordable coverage program; requiring the Fund to begin enrolling certain
5 individuals on or before a certain date; requiring the Board to repay a certain
6 appropriation at a certain time; terminating enrollment in a certain short-term
7 prescription drug subsidy program; providing for the termination of a certain
8 short-term prescription drug subsidy program; requiring a certain carrier to
9 provide a certain notice; providing for a delayed effective date for portions of the
10 Act; defining certain terms; and generally relating to health benefits for
11 low-income and medically uninsurable individuals.

12 BY repealing

13 Article - Health - General
14 Section 15-601 through 15-605, inclusive, and the subtitle "Subtitle 6.
15 Short-Term Prescription Drug Subsidy Plan"
16 Annotated Code of Maryland
17 (2000 Replacement Volume)

18 BY repealing

19 Chapter 565 of the Acts of the General Assembly of 2000
20 Section 2, 3, 4, and 5

21 BY repealing and reenacting, with amendments,

22 Article - Insurance
23 Section 6-101(b)
24 Annotated Code of Maryland
25 (1997 Volume and 2000 Supplement)

26 BY repealing

27 Article - Insurance
28 Section 15-606(c)
29 Annotated Code of Maryland
30 (1997 Volume and 2000 Supplement)

31 BY repealing and reenacting, with amendments,

32 Article - Insurance
33 Section 6-101
34 Annotated Code of Maryland
35 (1997 Volume and 2000 Supplement)
36 (As enacted by Section 3 of this Act)

37 BY adding to

38 Article - Insurance
39 Section 14-501 through 14-517, inclusive, to be under the new subtitle "Subtitle

- 1 (1) a nonprofit health service plan corporation;
- 2 (2) a fraternal benefit society;
- 3 (3) a health maintenance organization authorized by Title 19, Subtitle 7
4 of the Health - General Article;
- 5 (4) a surplus lines broker, who is subject to taxation in accordance with
6 Title 3, Subtitle 3 of this article; OR
- 7 (5) an unauthorized insurer, who is subject to taxation in accordance
8 with Title 4, Subtitle 2 of this article[; or
- 9 (6) the Short-Term Prescription Drug Subsidy Plan created under Title
10 15, Subtitle 6 of the Health - General Article].

11 15-606.

12 [(c) (1) In addition to the requirements imposed under subsection (b) of this
13 section, a carrier may not receive the approved purchaser differential unless the
14 carrier contributes, as provided in paragraph (2) of this subsection, to the Short-Term
15 Prescription Drug Subsidy Plan created under Title 15, Subtitle 6 of the Health -
16 General Article.

17 (2) (i) The total contributions to be made to the Short-Term
18 Prescription Drug Subsidy Plan by all carriers participating in the substantial,
19 affordable, and available coverage differential program shall be \$5.4 million per year.

20 (ii) 1. Each carrier participating in the substantial, affordable,
21 and available coverage differential program shall contribute an amount to the
22 Short-Term Prescription Drug Subsidy Plan that is equal to the total derived by
23 multiplying \$5.4 million by the percentage of the total benefit to all carriers from the
24 substantial, affordable, and available coverage differential that the carrier receives on
25 January 1, 2000.

26 2. On July 1 of each year, the Health Services Cost Review
27 Commission shall calculate each carrier's contribution and assess the contribution as
28 provided in this subsection.

29 (iii) 1. The last carrier to provide Medicare Plus Choice coverage
30 in medically underserved counties or portions of counties shall use an amount equal
31 to the contribution derived under subparagraph (ii) of this paragraph to provide the
32 Short-Term Prescription Drug Subsidy Plan created under Title 15, Subtitle 6 of the
33 Health - General Article.

34 2. The carrier is not required, in providing the plan under
35 this subparagraph, to offer any other benefit otherwise required under Title 19,
36 Subtitle 7 of the Health - General Article or Subtitle 8 of this title.

1 (iv) The Health Services Cost Review Commission shall annually
2 assess any carrier other than the carrier described under subparagraph (iii) of this
3 paragraph for the carrier's contribution and shall transfer the contribution to the
4 Treasurer of the State, for payment into the Short-Term Prescription Drug Subsidy
5 Fund created under § 15-604 of the Health - General Article.

6 (v) If a carrier withdraws from the substantial, affordable, and
7 available coverage program, the Commission shall recalculate the contributions to the
8 prescription drug subsidy plan for the remaining carriers.]

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

11 **Article - Insurance**

12 6-101.

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

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

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

17 (3) the Maryland Automobile Insurance Fund; and

18 (4) a credit indemnity company.

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

20 (1) a nonprofit health service plan corporation;

21 (2) a fraternal benefit society;

22 (3) a health maintenance organization authorized by Title 19, Subtitle 7
23 of the Health - General Article;

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

26 (5) an unauthorized insurer, who is subject to taxation in accordance
27 with Title 4, Subtitle 2 of this article; OR

28 (6) THE MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND
29 ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THIS ARTICLE.

SUBTITLE 5. MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND.

2 14-501.

3 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
4 INDICATED.

5 (B) "ADMINISTRATOR" MEANS A PERSON THAT IS REGISTERED AS AN
6 ADMINISTRATOR UNDER TITLE 8, SUBTITLE 3 OF THIS ARTICLE.

7 (C) "BOARD" MEANS THE BOARD FOR THE MARYLAND HEALTH INSURANCE
8 AND ASSISTANCE FUND.

9 (D) "CARRIER" MEANS:

10 (1) AN AUTHORIZED INSURER THAT PROVIDES HEALTH INSURANCE IN
11 THE STATE;

12 (2) A NONPROFIT HEALTH SERVICE PLAN THAT IS LICENSED TO
13 OPERATE IN THE STATE;

14 (3) A HEALTH MAINTENANCE ORGANIZATION THAT IS LICENSED TO
15 OPERATE IN THE STATE; OR

16 (4) EXCEPT FOR A MANAGED CARE ORGANIZATION, AS DEFINED IN
17 TITLE 15, SUBTITLE 1 OF THE HEALTH - GENERAL ARTICLE, ANY OTHER PERSON
18 THAT PROVIDES HEALTH BENEFIT PLANS SUBJECT TO STATE INSURANCE
19 REGULATION.

20 (E) "FUND" MEANS THE MARYLAND HEALTH INSURANCE AND ASSISTANCE
21 FUND.

22 (F) "PLAN OF OPERATION" MEANS THE ARTICLES, BYLAWS, AND OPERATING
23 RULES AND PROCEDURES ADOPTED BY THE BOARD IN ACCORDANCE WITH § 14-508
24 OF THIS SUBTITLE.

25 14-502.

26 (A) THERE IS A MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND.

27 (B) THE FUND IS AN INDEPENDENT UNIT THAT FUNCTIONS IN THE
28 ADMINISTRATION.

29 (C) THE PURPOSE OF THE FUND IS TO DECREASE UNCOMPENSATED CARE
30 COSTS BY PROVIDING ACCESS TO AFFORDABLE, COMPREHENSIVE HEALTH
31 BENEFITS TO MEDICALLY UNINSURABLE AND LOW-INCOME RESIDENTS OF THE
32 STATE.

33 (D) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE FUND OPERATE
34 AS A NONPROFIT ENTITY AND THAT FUND REVENUE, TO THE EXTENT CONSISTENT
35 WITH GOOD BUSINESS PRACTICES, SHALL INURE:

1 (1) FIRST TO THE BENEFIT OF MEDICALLY UNINSURABLE ENROLLEES
2 BY SUBSIDIZING INSURANCE LOSSES INCURRED BY THIS POPULATION; AND

3 (2) SECOND TO THE BENEFIT OF LOW-INCOME ENROLLEES WHO ARE
4 INELIGIBLE FOR OTHER PUBLICALLY FUNDED HEALTH BENEFITS BY SUBSIDIZING
5 PREMIUM RATES FOR THIS POPULATION.

6 14-503.

7 (A) THERE IS A BOARD FOR THE MARYLAND HEALTH INSURANCE AND
8 ASSISTANCE FUND.

9 (B) THE FUND OPERATES SUBJECT TO THE SUPERVISION AND CONTROL OF
10 THE BOARD.

11 14-504.

12 (A) THE BOARD CONSISTS OF 9 MEMBERS, OF WHOM:

13 (1) ONE SHALL BE THE COMMISSIONER;

14 (2) ONE SHALL BE THE EXECUTIVE DIRECTOR OF THE MARYLAND
15 HEALTH CARE COMMISSION;

16 (3) ONE SHALL BE THE EXECUTIVE DIRECTOR OF THE STATE HEALTH
17 SERVICES COST REVIEW COMMISSION;

18 (4) THREE SHALL BE KNOWLEDGEABLE ABOUT THE BUSINESS OF
19 INSURANCE, BUT NOT OFFICERS OR EMPLOYEES OF A CARRIER DOING BUSINESS IN
20 THE STATE OR CONSULTANTS TO A CARRIER DOING BUSINESS IN THE STATE;

21 (5) ONE SHALL BE AN INDIVIDUAL ENGAGED IN THE MANAGEMENT OR
22 ADMINISTRATION OF EMPLOYEE HEALTH BENEFITS ON BEHALF OF AN EMPLOYER
23 IN THE STATE WITH FEWER THAN 100 EMPLOYEES;

24 (6) ONE SHALL REPRESENT ORGANIZED LABOR; AND

25 (7) ONE SHALL BE A CONSUMER MEMBER WHO DOES NOT HAVE A
26 SUBSTANTIAL FINANCIAL INTEREST IN A PERSON REGULATED UNDER THIS
27 ARTICLE.

28 (B) EXCEPT FOR THE EX OFFICIO MEMBERS, THE MEMBERS OF THE BOARD
29 SHALL BE APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE
30 SENATE.

31 (C) (1) EXCEPT FOR THE EX OFFICIO MEMBERS, THE TERM OF A MEMBER IS
32 4 YEARS.

33 (2) THE TERMS OF THE MEMBERS ARE STAGGERED AS REQUIRED BY
34 THE TERMS PROVIDED FOR MEMBERS ON JULY 1, 2001.

1 (3) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL A
2 SUCCESSOR IS APPOINTED AND QUALIFIES.

3 (4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES
4 ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND
5 QUALIFIES.

6 (D) THE GOVERNOR MAY REMOVE A MEMBER FOR NEGLECT OF DUTY,
7 INCOMPETENCE, OR MISCONDUCT.

8 14-505.

9 (A) THE GOVERNOR SHALL APPOINT THE CHAIRMAN OF THE BOARD FROM
10 AMONG ITS MEMBERS.

11 (B) THE CHAIRMAN MAY APPOINT A VICE CHAIRMAN OF THE BOARD FROM
12 AMONG ITS MEMBERS.

13 14-506.

14 (A) THE BOARD SHALL APPOINT AN EXECUTIVE DIRECTOR WHO SHALL BE
15 THE CHIEF ADMINISTRATIVE OFFICER OF THE FUND.

16 (B) THE EXECUTIVE DIRECTOR SHALL SERVE AT THE PLEASURE OF THE
17 BOARD.

18 (C) THE BOARD SHALL DETERMINE THE APPROPRIATE COMPENSATION FOR
19 THE EXECUTIVE DIRECTOR.

20 (D) UNDER THE DIRECTION OF THE BOARD, THE EXECUTIVE DIRECTOR
21 SHALL PERFORM ANY DUTY OR FUNCTION THAT IS NECESSARY FOR THE OPERATION
22 OF THE FUND.

23 14-507.

24 (A) A MAJORITY OF THE MEMBERS OF THE BOARD CONSTITUTES A QUORUM.

25 (B) THE BOARD SHALL MEET AT LEAST FOUR TIMES EACH YEAR, AT THE
26 TIMES AND PLACES THAT IT DETERMINES.

27 (C) (1) EACH MEMBER OF THE BOARD, EXCEPT FOR AN EX OFFICIO
28 MEMBER, IS ENTITLED TO COMPENSATION IN ACCORDANCE WITH THE BOARD'S
29 BUDGET.

30 (2) EACH MEMBER OF THE BOARD IS ENTITLED TO REIMBURSEMENT
31 FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED
32 IN THE BOARD'S BUDGET.

33 (D) (1) THE BOARD MAY EMPLOY A STAFF.

34 (2) EMPLOYEES OF THE FUND ARE SPECIAL APPOINTMENTS.

1 (3) THE BOARD SHALL SET COMPENSATION FOR ITS EMPLOYEES.

2 (E) IN ADDITION TO THE DUTIES SET FORTH ELSEWHERE IN THIS SUBTITLE,
3 THE BOARD SHALL:

4 (1) ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE;

5 (2) PREPARE AND SUBMIT TO THE COMMISSIONER FOR APPROVAL A
6 PLAN OF OPERATION THAT CONTAINS THE INFORMATION SPECIFIED UNDER § 14-508
7 OF THIS SECTION;

8 (3) KEEP MINUTES OF EACH MEETING; AND

9 (4) PREPARE ANNUALLY A BUDGET THAT INCLUDES THE ESTIMATED
10 INCOME OF THE BOARD AND PROPOSED EXPENSES FOR ITS ADMINISTRATION AND
11 OPERATION.

12 (F) THE BOARD IS NOT SUBJECT TO:

13 (1) THE OPEN MEETINGS ACT ESTABLISHED UNDER TITLE 10, SUBTITLE
14 5 OF THE STATE GOVERNMENT ARTICLE; OR

15 (2) STATE PROCUREMENT REQUIREMENTS AS PROVIDED UNDER §
16 11-203 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

17 14-508.

18 (A) THE PLAN OF OPERATION SHALL:

19 (1) ESTABLISH PROCEDURES FOR OPERATION OF THE FUND;

20 (2) ESTABLISH PROCEDURES FOR SELECTING AN ADMINISTRATOR IN
21 ACCORDANCE WITH § 14-515 OF THIS SUBTITLE;

22 (3) ESTABLISH PROCEDURES FOR THE HANDLING, ACCOUNTING AND
23 AUDITING OF ASSETS, MONIES AND CLAIMS OF THE FUND AND THE FUND
24 ADMINISTRATOR;

25 (4) DEVELOP AND IMPLEMENT A PROGRAM TO PUBLICIZE THE
26 EXISTENCE OF THE FUND, THE ELIGIBILITY REQUIREMENTS, AND PROCEDURES FOR
27 ENROLLMENT;

28 (5) ESTABLISH AN INTERNAL GRIEVANCE PROCESS IN ACCORDANCE
29 WITH THE REQUIREMENTS OF § 15-10A-02 OF THIS ARTICLE; AND

30 (6) PROVIDE FOR OTHER MATTERS AS MAY BE NECESSARY AND PROPER
31 FOR THE EXECUTION OF THE BOARD'S POWERS, DUTIES AND OBLIGATIONS UNDER
32 THIS SUBTITLE.

1 (B) THE FUND SHALL HAVE THE GENERAL POWERS AND AUTHORITY
2 GRANTED TO A HEALTH INSURER THAT HOLDS A CERTIFICATE OF AUTHORITY
3 UNDER THIS ARTICLE AND IN ADDITION, THE SPECIFIC AUTHORITY TO:

4 (1) ENTER INTO CONTRACTS AS ARE NECESSARY OR PROPER TO CARRY
5 OUT THE PROVISIONS AND PURPOSES OF THIS SUBTITLE;

6 (2) ENTER INTO CONTRACTS WITH SIMILAR FUNDS IN THIS OR OTHER
7 STATES FOR THE JOINT PERFORMANCE OF COMMON ADMINISTRATIVE FUNCTIONS;

8 (3) SUE OR BE SUED, INCLUDING TAKING LEGAL ACTIONS NECESSARY
9 OR PROPER TO RECOVER AND COLLECT ASSESSMENTS DUE THE FUND;

10 (4) TAKE SUCH LEGAL ACTION AS IS NECESSARY:

11 (I) TO AVOID THE PAYMENT OF IMPROPER CLAIMS AGAINST THE
12 FUND OR THE COVERAGE PROVIDED BY OR THROUGH THE FUND;

13 (II) TO RECOVER ANY AMOUNTS ERRONEOUSLY OR IMPROPERLY
14 PAID BY THE FUND;

15 (III) TO RECOVER ANY AMOUNTS PAID BY THE FUND AS A RESULT
16 OF MISTAKE OF FACT OR LAW; OR

17 (IV) TO RECOVER OTHER AMOUNTS DUE THE FUND;

18 (5) ISSUE POLICIES OF INSURANCE IN ACCORDANCE WITH THE
19 REQUIREMENTS OF THIS SUBTITLE;

20 (6) APPOINT COMMITTEES AS NECESSARY TO PROVIDE TECHNICAL
21 ASSISTANCE IN THE OPERATION OF THE FUND;

22 (7) BORROW MONEY NECESSARY TO CARRY OUT THE PURPOSES OF THE
23 FUND;

24 (8) EMPLOY AND FIX THE COMPENSATION OF EMPLOYEES;

25 (9) CREATE AND DISTRIBUTE CERTIFICATE OF ELIGIBILITY FORMS AND
26 ENROLLMENT INSTRUCTION FORMS TO LICENSED INSURANCE PRODUCERS AND TO
27 THE GENERAL PUBLIC;

28 (10) PROVIDE FOR REINSURANCE OF RISKS INCURRED BY THE FUND;

29 (11) ESTABLISH RULES, CONDITIONS, AND PROCEDURES FOR
30 REINSURING RISKS OF PARTICIPATING INSURERS IF THE BOARD CHOOSES TO
31 AUTHORIZE COMMERCIAL INSURERS TO ISSUE FUND COVERAGE;

32 (12) ISSUE ADDITIONAL TYPES OF HEALTH INSURANCE POLICIES TO
33 PROVIDE OPTIONAL COVERAGES AT NONSUBSIDIZED RATES, INCLUDING MEDICARE
34 SUPPLEMENTAL HEALTH INSURANCE IN ACCORDANCE WITH THE PROVISIONS OF

1 TITLE 15, SUBTITLE 9 OF THIS ARTICLE AND SMALL EMPLOYER GROUP MARKET
2 INSURANCE IN ACCORDANCE WITH TITLE 15, SUBTITLE 12 OF THIS ARTICLE;

3 (13) PROVIDE FOR AND EMPLOY COST CONTAINMENT MEASURES
4 INCLUDING PREADMISSION SCREENING, SECOND SURGICAL OPINION, CONCURRENT
5 UTILIZATION REVIEW, AND INDIVIDUAL CASE MANAGEMENT;

6 (14) DESIGN, UTILIZE, CONTRACT, OR OTHERWISE ARRANGE FOR THE
7 DELIVERY OF COST EFFECTIVE HEALTH CARE SERVICES, INCLUDING ESTABLISHING
8 OR CONTRACTING WITH PREFERRED PROVIDER ORGANIZATIONS, HEALTH
9 MAINTENANCE ORGANIZATIONS, AND OTHER LIMITED NETWORK PROVIDER
10 ARRANGEMENTS; AND

11 (15) ADOPT BYLAWS, POLICIES, AND PROCEDURES NECESSARY OR
12 PROPER TO OPERATE THE FUND.

13 (C) THE BOARD SHALL MAKE AN ANNUAL REPORT TO THE GOVERNOR AND TO
14 THE GENERAL ASSEMBLY IN ACCORDANCE WITH § 2-1246 OF THE STATE
15 GOVERNMENT ARTICLE SUMMARIZING THE ACTIVITIES OF THE FUND FOR THE
16 PRECEDING CALENDAR YEAR, INCLUDING:

17 (1) NET WRITTEN AND EARNED PREMIUMS;

18 (2) FUND ENROLLMENT;

19 (3) ADMINISTRATIVE EXPENSES;

20 (4) PAID AND INCURRED LOSSES; AND

21 (5) A SUMMARY OF GRIEVANCES FILED BY FUND ENROLLEES AND THE
22 RESOLUTIONS OF THOSE GRIEVANCES.

23 (D) (1) THE BOARD AND ITS EMPLOYEES MAY NOT BE HELD LIABLE FOR
24 ANY OBLIGATIONS OF THE FUND.

25 (2) A MEMBER OR EMPLOYEE OF THE BOARD MAY NOT BE HELD LIABLE
26 FOR AN ACT OR OMISSION RELATED TO THE PERFORMANCE OF DUTIES UNDER THIS
27 SUBTITLE, UNLESS THE ACT OR OMISSION CONSTITUTES WILLFUL OR WANTON
28 MISCONDUCT.

29 (3) THE BOARD MAY PROVIDE IN ITS BYLAWS OR REGULATIONS FOR
30 INDEMNIFICATION OF, AND LEGAL REPRESENTATION FOR, ITS MEMBERS AND
31 EMPLOYEES.

32 14-509.

33 (A) THE FUND SHALL CONSIST OF:

34 (1) PREMIUMS FOR INSURANCE THAT THE FUND ISSUES;

1 (2) A 1% ASSESSMENT ON THE GROSS ANNUAL REVENUE OF EACH
2 ACUTE CARE HOSPITAL IN ACCORDANCE WITH § 19-219 OF THE HEALTH - GENERAL
3 ARTICLE;

4 (3) PUBLIC OR CHARITABLE ASSETS TRANSFERRED TO THE FUND AS A
5 RESULT OF THE ACQUISITION OF A NONPROFIT HEALTH ENTITY UNDER TITLE 6.5 OF
6 THE STATE GOVERNMENT ARTICLE;

7 (4) INCOME FROM INVESTMENTS THAT THE BOARD MAKES FOR THE
8 FUND;

9 (5) INTERESTS ON DEPOSITS OR INVESTMENTS OF MONEY FROM THE
10 FUND; AND

11 (6) MONEY COLLECTED BY THE BOARD AS A RESULT OF LEGAL OR
12 OTHER ACTIONS TAKEN IN ACCORDANCE WITH § 14-508 OF THIS SUBTITLE.

13 (B) THE BOARD SHALL USE THE FUND TO PAY ALL OF THE EXPENSES UNDER
14 THIS SUBTITLE, INCLUDING LOSSES ON INSURANCE THAT THE FUND ISSUES.

15 14-510.

16 THE BOARD SHALL TAKE STEPS NECESSARY TO ENSURE THAT FUND
17 ENROLLMENT DOES NOT EXCEED THE NUMBER OF ENROLLEES THE FUND HAS THE
18 FINANCIAL CAPACITY TO INSURE.

19 14-511.

20 (A) (1) THE BOARD SHALL ESTABLISH PREMIUM RATES FOR FUND
21 COVERAGE SUBJECT TO REVIEW AND APPROVAL BY THE COMMISSIONER.

22 (2) THE BOARD MAY ADOPT SEPARATE PREMIUM RATE SCHEDULES
23 BASED ON:

24 (I) AGE;

25 (II) GENDER; AND

26 (III) GEOGRAPHIC LOCATION IN ONE OF THE FOLLOWING
27 CONTIGUOUS AREAS OF THE STATE:

28 1. THE BALTIMORE METROPOLITAN AREA;

29 2. THE DISTRICT OF COLUMBIA METROPOLITAN AREA;

30 3. WESTERN MARYLAND; OR

31 4. EASTERN AND SOUTHERN MARYLAND.

32 (3) PREMIUM RATES SHALL BE FILED WITH THE COMMISSIONER FOR
33 APPROVAL PRIOR TO USE.

1 (B) (1) THE BOARD SHALL DETERMINE A STANDARD RISK RATE BY
2 CALCULATING THE AVERAGE RATE CHARGED BY INSURERS OFFERING COVERAGES
3 COMPARABLE TO THAT OF THE FUND.

4 (2) IN DETERMINING A STANDARD RISK RATE, THE BOARD MAY
5 CONSIDER THE RATES THAT APPLY TO THE COMPREHENSIVE STANDARD HEALTH
6 BENEFIT PLAN ESTABLISHED UNDER § 15-1207 OF THIS ARTICLE.

7 (3) THE PREMIUM RATES FOR COVERAGE UNDER THE FUND MAY NOT
8 EXCEED 200% OF RATES ESTABLISHED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

9 (4) PREMIUM RATES SHALL BE REASONABLY CALCULATED TO
10 ENCOURAGE ENROLLMENT IN THE FUND.

11 (C) LOSSES INCURRED BY THE FUND SHALL BE SUBSIDIZED BY REVENUE
12 SOURCES, INCLUDING:

13 (1) ASSESSMENT INCOME RECEIVED IN ACCORDANCE WITH § 19-219 OF
14 THE HEALTH - GENERAL ARTICLE;

15 (2) INCOME EARNED AS A RESULT OF INVESTMENTS MADE BY THE
16 BOARD; AND

17 (3) INTEREST INCOME EARNED BY THE FUND.

18 14-512.

19 (A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN INDIVIDUAL IS
20 ELIGIBLE FOR FUND COVERAGE IF:

21 (I) FOR HEALTH REASONS, AN INSURER HAS REFUSED TO ISSUE
22 SUBSTANTIALLY SIMILAR INSURANCE TO THE INDIVIDUAL WITHIN A TIME FRAME
23 DETERMINED BY THE BOARD;

24 (II) FOR HEALTH REASONS, AN INSURER HAS REFUSED TO ISSUE
25 SUBSTANTIALLY SIMILAR INSURANCE TO THE INDIVIDUAL, WITHIN A TIME FRAME
26 DETERMINED BY THE BOARD, EXCEPT AT A RATE THAT EXCEEDS THE FUND'S RATE;

27 (III) THE INDIVIDUAL HAS A HISTORY OF, OR SUFFERS FROM, A
28 MEDICAL OR HEALTH CONDITION THAT IS INCLUDED ON A LIST PROMULGATED BY
29 THE BOARD UNDER SUBSECTION (B) OF THIS SECTION;

30 (IV) THE INDIVIDUAL IS CONSIDERED AN ELIGIBLE INDIVIDUAL AS
31 DEFINED UNDER § 15-1301 OF THIS ARTICLE;

32 (V) THE INDIVIDUAL HAS AN ANNUAL HOUSEHOLD INCOME THAT
33 IS AT OR BELOW 250% OF THE FEDERAL POVERTY GUIDELINES; OR

34 (VI) THE INDIVIDUAL IS A DEPENDENT OF AN INDIVIDUAL WHO IS
35 ELIGIBLE FOR COVERAGE UNDER THIS SECTION.

1 (2) AN INDIVIDUAL IS NOT ELIGIBLE FOR FUND COVERAGE IF:

2 (I) THE INDIVIDUAL IS ELIGIBLE FOR COVERAGE UNDER THE
3 FEDERAL MEDICARE PROGRAM, THE MARYLAND MEDICAL ASSISTANCE PROGRAM,
4 OR THE MARYLAND CHILDREN'S HEALTH PROGRAM;

5 (II) THE INDIVIDUAL HAS OR IS ELIGIBLE TO OBTAIN HEALTH
6 INSURANCE COVERAGE SUBSTANTIALLY SIMILAR TO OR MORE COMPREHENSIVE
7 THAN A FUND POLICY AT A RATE THAT IS COMPARABLE TO THE FUND RATE;

8 (III) THE INDIVIDUAL TERMINATED COVERAGE UNDER THE FUND
9 WITHIN THE LAST 12 MONTHS;

10 (IV) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION,
11 THE INDIVIDUAL HAS BEEN A RESIDENT OF THE STATE FOR A PERIOD OF LESS THAN
12 180 DAYS;

13 (V) THE INDIVIDUAL IS AN INMATE OR PATIENT IN A PUBLIC
14 INSTITUTION; OR

15 (VI) THE FUND HAS PAID OUT \$1,000,000 IN BENEFITS ON BEHALF
16 OF THE INDIVIDUAL.

17 (B) THE BOARD SHALL PROMULGATE A LIST OF MEDICAL OR HEALTH
18 CONDITIONS FOR WHICH AN INDIVIDUAL IS ELIGIBLE FOR COVERAGE UNDER THE
19 FUND WITHOUT FIRST APPLYING FOR INSURANCE.

20 (C) AN INDIVIDUAL WHO SATISFIES THE DEFINITION OF ELIGIBLE
21 INDIVIDUAL UNDER § 15-1301 OF THIS ARTICLE IS EXEMPT FROM THE 180 DAY
22 RESIDENCY REQUIREMENT UNDER SUBSECTION (A)(2)(IV) OF THIS SECTION, BUT
23 STILL MUST BE LEGALLY DOMICILED IN THE STATE.

24 (D) AN INDIVIDUAL WHO CEASES TO MEET THE ELIGIBILITY REQUIREMENTS
25 OF THIS SECTION OR FOR OTHER REASONS AS DETERMINED BY THE BOARD, MAY
26 HAVE COVERAGE TERMINATED BY THE FUND AT THE END OF THE POLICY PERIOD
27 FOR WHICH THE NECESSARY PREMIUMS HAVE BEEN PAID.

28 14-513.

29 IT IS UNLAWFUL AND A VIOLATION OF THIS ARTICLE FOR AN INSURER,
30 INSURANCE PRODUCER, OR THIRD PARTY ADMINISTRATOR TO REFER AN
31 INDIVIDUAL EMPLOYEE TO THE FUND, OR ARRANGE FOR AN INDIVIDUAL EMPLOYEE
32 TO APPLY TO THE FUND, FOR THE PURPOSE OF SEPARATING THAT EMPLOYEE FROM
33 THE GROUP HEALTH INSURANCE COVERAGE PROVIDED IN CONNECTION WITH THE
34 EMPLOYEE'S EMPLOYMENT.

1 14-514.

2 (A) THE BOARD MAY DEVELOP A LOW-INCOME SUBSIDY PROGRAM, IN
3 ACCORDANCE WITH THE REQUIREMENTS OF THIS SECTION, UNDER WHICH THE
4 FUND SHALL SUBSIDIZE HEALTH INSURANCE PREMIUMS FOR:

5 (1) AN INDIVIDUAL WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR
6 BELOW 250% OF THE FEDERAL POVERTY GUIDELINES AND WHO IS OTHERWISE
7 ELIGIBLE FOR FUND COVERAGE; AND

8 (2) ANY ELIGIBLE DEPENDENTS OF THAT INDIVIDUAL.

9 (B) UNDER THE PROGRAM, THE FUND MAY SUBSIDIZE PREMIUMS FOR:

10 (1) COVERAGE PROVIDED UNDER A POLICY ISSUED BY THE FUND; OR

11 (2) COVERAGE THAT IS AVAILABLE TO AN ELIGIBLE INDIVIDUAL
12 THROUGH AN EMPLOYER-SPONSORED GROUP HEALTH INSURANCE PLAN.

13 (C) THE BOARD SHALL ESTABLISH SUBSIDY LEVELS ON A SLIDING SCALE
14 BASED ON:

15 (1) HOUSEHOLD INCOME;

16 (2) GEOGRAPHIC LOCATION; AND

17 (3) ANY OTHER FACTOR THAT THE BOARD DETERMINES IS RELEVANT.

18 (D) IN DETERMINING AN INDIVIDUAL'S HOUSEHOLD INCOME UNDER THIS
19 SECTION, THE BOARD MAY DISREGARD INCOME THAT WAS SPENT IN THE PAST YEAR
20 ON MEDICALLY NECESSARY GOODS OR SERVICES.

21 (E) PREMIUM SUBSIDIES SHALL BE REASONABLY CALCULATED TO
22 ENCOURAGE PARTICIPATION IN THE PROGRAM.

23 (F) (1) THE PROGRAM MAY NOT SUBSIDIZE PREMIUMS FOR
24 EMPLOYER-SPONSORED GROUP HEALTH INSURANCE COVERAGE WHERE PREMIUMS
25 FOR THE ELIGIBLE INDIVIDUAL ARE WHOLLY PAID BY THE ELIGIBLE INDIVIDUAL'S
26 EMPLOYER.

27 (2) SUBSIDIES PROVIDED UNDER THE PROGRAM FOR
28 EMPLOYER-SPONSORED GROUP HEALTH INSURANCE COVERAGE MAY NOT EXCEED
29 THE AMOUNT OF PREMIUM THAT THE ELIGIBLE INDIVIDUAL IS REQUIRED TO
30 CONTRIBUTE, AS AN EMPLOYEE, FOR INDIVIDUAL OR FAMILY COVERAGE.

31 (G) AN INDIVIDUAL WHO IS ELIGIBLE FOR THE PROGRAM IN ACCORDANCE
32 WITH SUBSECTION (A) OF THIS SECTION MUST ENROLL IN A GROUP HEALTH
33 INSURANCE PLAN IF:

34 (1) THE INDIVIDUAL IS ELIGIBLE FOR PARTICIPATION IN THE PLAN
35 THROUGH THE INDIVIDUAL'S EMPLOYER; AND

1 (2) THE INDIVIDUAL'S EMPLOYER CONTRIBUTES TO THE PREMIUM COST
2 OF THE PLAN.

3 (H) THE BOARD SHALL ADOPT REGULATIONS NECESSARY TO IMPLEMENT THE
4 LOW-INCOME SUBSIDY PROGRAM.

5 14-515.

6 (A) THE BOARD MAY SELECT AN ADMINISTRATOR TO ADMINISTER THE FUND.

7 (B) THE SELECTION OF AN ADMINISTRATOR UNDER SUBSECTION (A) OF THIS
8 SECTION SHALL BE BASED ON CRITERIA ESTABLISHED BY THE BOARD, WHICH SHALL
9 INCLUDE:

10 (1) THE ADMINISTRATOR'S PROVEN ABILITY TO PROVIDE HEALTH
11 INSURANCE COVERAGE TO INDIVIDUALS;

12 (2) THE EFFICIENCY AND TIMELINESS OF THE ADMINISTRATOR'S CLAIM
13 PROCESSING PROCEDURES;

14 (3) AN ESTIMATE OF TOTAL CHARGES FOR ADMINISTERING THE FUND;

15 (4) THE ADMINISTRATOR'S ABILITY TO APPLY EFFECTIVE COST
16 CONTAINMENT PROGRAMS AND PROCEDURES; AND

17 (5) THE FINANCIAL CONDITION AND STABILITY OF THE
18 ADMINISTRATOR.

19 (C) THE ADMINISTRATOR SHALL SERVE FOR A PERIOD OF TIME SPECIFIED IN
20 ITS CONTRACT WITH THE FUND SUBJECT TO REMOVAL FOR CAUSE AND ANY OTHER
21 TERMS, CONDITIONS, AND LIMITATIONS CONTAINED IN THE CONTRACT.

22 (D) THE ADMINISTRATOR SHALL PERFORM FUNCTIONS RELATING TO THE
23 FUND AS REQUIRED BY THE BOARD, INCLUDING:

24 (1) DETERMINATION OF ELIGIBILITY;

25 (2) DATA COLLECTION;

26 (3) PAYMENT OF SUBSIDIES UNDER § 14-514 OF THIS SUBTITLE;

27 (4) FINANCIAL TRACKING AND REPORTING;

28 (5) PAYMENT OF CLAIMS; AND

29 (6) ESTABLISHING A PREMIUM BILLING PROCEDURE.

30 (E) THE ADMINISTRATOR SHALL SUBMIT REGULAR REPORTS TO THE BOARD
31 REGARDING THE OPERATION OF THE FUND.

1 (F) THE ADMINISTRATOR SHALL SUBMIT AN ANNUAL REPORT TO THE BOARD
2 THAT INCLUDES:

- 3 (1) THE NET WRITTEN AND EARNED PREMIUMS FOR THE YEAR;
- 4 (2) THE EXPENSE OF THE ADMINISTRATION FOR THE YEAR; AND
- 5 (3) THE PAID AND INCURRED LOSSES FOR THE YEAR.

6 14-516.

7 (A) THE BOARD SHALL ESTABLISH A UNIFORM SET OF BENEFITS TO BE
8 OFFERED BY THE FUND INCLUDING:

- 9 (1) A SCHEDULE OF COMPREHENSIVE HEALTH BENEFITS;
- 10 (2) BENEFIT EXCLUSIONS;
- 11 (3) BENEFIT LIMITATIONS;
- 12 (4) DEDUCTIBLES; AND
- 13 (5) COPAYMENTS.

14 (B) THE BOARD MAY ADOPT THE COMPREHENSIVE STANDARD HEALTH
15 BENEFIT PLAN ESTABLISHED UNDER § 15-1207 OF THIS ARTICLE AS THE UNIFORM
16 SET OF BENEFITS TO BE OFFERED BY THE FUND.

17 (C) IN ESTABLISHING A UNIFORM SET OF BENEFITS UNDER SUBSECTION (A)
18 OF THIS SECTION, THE BOARD MAY EXCLUDE:

19 (1) A HEALTH CARE SERVICE, BENEFIT, COVERAGE, OR
20 REIMBURSEMENT FOR COVERED HEALTH CARE SERVICES THAT IS REQUIRED
21 UNDER THIS ARTICLE OR THE HEALTH - GENERAL ARTICLE TO BE PROVIDED OR
22 OFFERED IN A HEALTH BENEFIT PLAN THAT IS ISSUED OR DELIVERED IN THE STATE
23 BY A CARRIER; OR

24 (2) REIMBURSEMENT REQUIRED BY STATUTE, BY A HEALTH BENEFIT
25 PLAN FOR A SERVICE WHEN THAT SERVICE IS PERFORMED BY A HEALTH CARE
26 PROVIDER WHO IS LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE AND
27 WHOSE SCOPE OF PRACTICE INCLUDES THAT SERVICE.

28 14-517.

29 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, FUND
30 COVERAGE SHALL EXCLUDE CHARGES OR EXPENSES INCURRED DURING THE FIRST
31 6 MONTHS FOLLOWING THE EFFECTIVE DATE OF COVERAGE AS TO ANY CONDITION
32 FOR WHICH MEDICAL ADVICE, CARE, OR TREATMENT WAS RECOMMENDED OR
33 RECEIVED DURING THE 6-MONTH PERIOD IMMEDIATELY PRECEDING THE
34 EFFECTIVE DATE OF COVERAGE.

1 (B) THE PREEXISTING CONDITION EXCLUSION UNDER SUBSECTION (A) OF
2 THIS SECTION MAY NOT BE IMPOSED ON A FUND ENROLLEE WHO SATISFIES THE
3 DEFINITION OF ELIGIBLE INDIVIDUAL UNDER § 15-1301 OF THIS ARTICLE.

4 **Article - State Finance and Procurement**

5 11-203.

6 (a) Except as provided in subsection (b) of this section, this Division II does
7 not apply to:

8 (1) procurement by:

9 (i) the Blind Industries and Services of Maryland;

10 (ii) the Maryland State Arts Council, for the support of the arts;

11 (iii) the Maryland Health and Higher Educational Facilities
12 Authority, if no State money is to be spent on a procurement contract;

13 (iv) the Maryland Higher Education Supplemental Loan Authority,
14 if no State money is to be spent on a procurement contract;

15 (v) the Maryland Industrial Training Program or the Partnership
16 for Workforce Quality Program in the Department of Business and Economic
17 Development, for training services or programs for new or expanding businesses or
18 industries or businesses or industries in transition;

19 (vi) the Maryland Food Center Authority, to the extent the
20 Authority is exempt under Title 13, Subtitle 1 of Article 41 of the Code;

21 (vii) the Maryland Public Broadcasting Commission, for services of
22 artists for educational and cultural television productions;

23 (viii) public institutions of higher education, for cultural,
24 entertainment, and intercollegiate athletic procurement contracts;

25 (ix) the Maryland State Planning Council on Developmental
26 Disabilities, for services to support demonstration, pilot, and training programs;

27 (x) the Maryland Automobile Insurance Fund;

28 (xi) the Maryland Historical Trust for:

29 1. surveying and evaluating architecturally, archeologically,
30 historically, or culturally significant properties; and

31 2. other than as to architectural services, preparing historic
32 preservation planning documents and educational material;

1 (xii) the University of Maryland, for University College Overseas
2 Programs, if the University adopts regulations that:

3 1. establish policies and procedures governing procurement
4 for University College Overseas Programs; and

5 2. promote the purposes stated in § 11-201(a) of this subtitle;

6 (xiii) St. Mary's College of Maryland;

7 (xiv) the Department of Business and Economic Development, for
8 negotiating and entering into private sector cooperative marketing projects that
9 directly enhance promotion of Maryland and the tourism industry where there will be
10 a private sector contribution to the project if not less than 50% of the total cost of the
11 project, if the project is reviewed by the Attorney General and approved by the
12 Secretary of Business and Economic Development or the Secretary's designee;

13 (xv) the Forvm for Rural Maryland; [and]

14 (xvi) the Maryland State Lottery Agency, for negotiating and
15 entering into private sector cooperative marketing projects that directly enhance
16 promotion of the Maryland State Lottery and its products, if the cooperative
17 marketing project:

18 1. provides a substantive promotional or marketing value
19 that the lottery determines acceptable in exchange for advertising or other
20 promotional activities provided by the lottery;

21 2. does not involve the advertising or other promotion of
22 alcohol or tobacco products; and

23 3. is reviewed by the Attorney General and approved by the
24 Maryland Lottery Director or the Director's designee; AND

25 (XVII) THE MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND
26 ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THE INSURANCE ARTICLE.

27 **Article - State Government**

28 6.5-301.

29 (a) The appropriate regulating entity shall approve an acquisition unless it
30 finds the acquisition is not in the public interest.

31 (b) An acquisition is not in the public interest unless appropriate steps have
32 been taken to:

33 (1) ensure that the value of public or charitable assets is safeguarded;

34 (2) ensure that:

1 (i) 1. 2% OF the fair value of the public or charitable assets of a
2 nonprofit health service plan or a health maintenance organization will be distributed
3 to the Maryland Health Care Foundation that was established in § 20-502 of the
4 Health - General Article; and

5 2. 98% OF THE FAIR VALUE OF THE PUBLIC OR CHARITABLE
6 ASSETS OF A NONPROFIT HEALTH SERVICE PLAN OR A HEALTH MAINTENANCE
7 ORGANIZATION WILL BE DISTRIBUTED TO THE MARYLAND HEALTH INSURANCE AND
8 ASSISTANCE FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THE INSURANCE
9 ARTICLE; or

10 (ii) 1. 40% of the fair value of the public or charitable assets of a
11 nonprofit hospital will be distributed to the Maryland Health Care Foundation that
12 was established in § 20-502 of the Health - General Article; and

13 2. 60% of the fair value of the public or charitable assets of a
14 nonprofit hospital will be distributed to a public or nonprofit charitable entity or trust
15 that is:

16 A. dedicated to serving the unmet health care needs of the
17 affected community;

18 B. dedicated to promoting access to health care in the
19 affected community;

20 C. dedicated to improving the quality of health care in the
21 affected community; and

22 D. independent of the transferee; and

23 (3) ensure that no part of the public or charitable assets of the
24 acquisition inure directly or indirectly to an officer, director, or trustee of a nonprofit
25 health entity.

26 (c) The regulating entity may determine that a distribution of assets of a
27 nonprofit health entity or a vote of its certificate holders as provided under §
28 6.5-303(2)(iii) of this subtitle is not required under this section if the transaction is:

29 (1) determined not to be an acquisition;

30 (2) in the ordinary course of business; and

31 (3) for fair value.

32 (d) In determining fair value, the appropriate regulating entity may consider
33 all relevant factors, including, as determined by the regulating entity:

34 (1) the value of the nonprofit health entity or an affiliate or the assets of
35 such an entity that is determined as if the entity had voting stock outstanding and

1 100% of its stock was freely transferable and available for purchase without
2 restriction;

3 (2) the value as a going concern;

4 (3) the market value;

5 (4) the investment or earnings value;

6 (5) the net asset value; and

7 (6) a control premium, if any.

8 (e) In determining whether an acquisition is in the public interest, the
9 appropriate regulating entity shall consider:

10 (1) whether the transferor exercised due diligence in deciding to engage
11 in an acquisition, selecting the transferee, and negotiating the terms and conditions
12 of the acquisition;

13 (2) the procedures the transferor used in making the decision, including
14 whether appropriate expert assistance was used;

15 (3) whether any conflicts of interest were disclosed, including conflicts of
16 interest of board members, executives, and experts retained by the transferor,
17 transferee, or any other parties to the acquisition;

18 (4) whether the transferor will receive fair value for its public or
19 charitable assets;

20 (5) whether public or charitable assets are placed at unreasonable risk if
21 the acquisition is financed in part by the transferor;

22 (6) whether the acquisition has the likelihood of creating a significant
23 adverse effect on the availability or accessibility of health care services in the affected
24 community;

25 (7) whether the acquisition includes sufficient safeguards to ensure that
26 the affected community will have continued access to affordable health care; and

27 (8) whether any management contract under the acquisition is for fair
28 value.

29 SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland
30 read as follows:

31 **Article - Health - General**

32 19-103.

33 (c) The purpose of the Commission is to:

- 1 (1) Develop health care cost containment strategies to help provide
2 access to appropriate quality health care services for all Marylanders, after
3 consulting with the Health Services Cost Review Commission;
- 4 (2) Promote the development of a health regulatory system that
5 provides, for all Marylanders, financial and geographic access to quality health care
6 services at a reasonable cost by:
 - 7 (i) Advocating policies and systems to promote the efficient
8 delivery of and improved access to health care services; and
 - 9 (ii) Enhancing the strengths of the current health care service
10 delivery and regulatory system;
- 11 (3) Facilitate the public disclosure of medical claims data for the
12 development of public policy;
- 13 (4) Establish and develop a medical care data base on health care
14 services rendered by health care practitioners;
- 15 (5) Encourage the development of clinical resource management systems
16 to permit the comparison of costs between various treatment settings and the
17 availability of information to consumers, providers, and purchasers of health care
18 services;
- 19 (6) In accordance with Title 15, Subtitle 12 of the Insurance Article,
20 develop:
 - 21 (i) A uniform set of effective benefits to be included in the
22 Comprehensive Standard Health Benefit Plan; and
 - 23 (ii) A modified health benefit plan for medical savings accounts;
- 24 (7) Analyze the medical care data base and provide, in aggregate form,
25 an annual report on the variations in costs associated with health care practitioners;
- 26 (8) Ensure utilization of the medical care data base as a primary means
27 to compile data and information and annually report on trends and variances
28 regarding fees for service, cost of care, regional and national comparisons, and
29 indications of malpractice situations;
- 30 (9) Establish standards for the operation and licensing of medical care
31 electronic claims clearinghouses in Maryland;
- 32 (10) Reduce the costs of claims submission and the administration of
33 claims for health care practitioners and payors;
- 34 (11) [Develop a uniform set of effective benefits to be offered as
35 substantial, available, and affordable coverage in the nongroup market in accordance
36 with § 15-606 of the Insurance Article;

1 (12)] Determine the cost of mandated health insurance services in
2 the State in accordance with Title 15, Subtitle 15 of the Insurance Article; and

3 [(13)] (12) Promote the availability of information to consumers on
4 charges by practitioners and reimbursements from payors.

5 19-219.

6 (a) The Commission may review costs and rates and make any investigation
7 that the Commission considers necessary to assure each purchaser of health care
8 facility services that:

9 (1) The total costs of all hospital services offered by or through a facility
10 are reasonable;

11 (2) The aggregate rates of the facility are related reasonably to the
12 aggregate costs of the facility; and

13 (3) The rates are set equitably among all purchasers or classes of
14 purchasers without undue discrimination or preference.

15 (b) (1) To carry out its powers under subsection (a) of this section, the
16 Commission may review and approve or disapprove the reasonableness of any rate
17 that a facility sets or requests.

18 (2) A facility shall charge for services only at a rate set in accordance
19 with this subtitle.

20 (3) In determining the reasonableness of rates, the Commission may
21 take into account objective standards of efficiency and effectiveness.

22 (c) To promote the most efficient and effective use of health care facility
23 services and, if it is in the public interest and consistent with this subtitle, the
24 Commission may promote and approve alternate methods of rate determination and
25 payment that are of an experimental nature.

26 (D) (1) THE ASSESSMENT UNDER THIS SUBSECTION:

27 (I) IS REQUIRED IN LIEU OF THE MANDATORY 4% DIFFERENTIAL
28 ON HOSPITAL RATES IMPOSED UNDER THE FORMER SUBSTANTIAL, AVAILABLE, AND
29 AFFORDABLE COVERAGE (SAAC) PROGRAM; AND

30 (II) IS INTENDED TO DECREASE THE COST OF UNCOMPENSATED
31 CARE THAT IS CURRENTLY BORNE BY THE CITIZENS OF THE STATE THROUGH
32 HOSPITAL RATES.

33 (2) (I) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE
34 COMMISSION SHALL ASSESS EACH ACUTE CARE HOSPITAL IN AN AMOUNT EQUAL TO
35 1% OF THE HOSPITAL'S GROSS ANNUAL REVENUE.

1 (II) THE ASSESSMENT SHALL BE COLLECTED IN ACCORDANCE
2 WITH A SCHEDULE ESTABLISHED BY THE COMMISSION IN CONSULTATION WITH
3 REPRESENTATIVES OF THE ACUTE CARE HOSPITALS.

4 (III) EACH ACUTE CARE HOSPITAL ASSESSED UNDER THIS
5 SUBSECTION SHALL REMIT THE FULL AMOUNT OF THE ASSESSMENT TO THE
6 MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND ESTABLISHED UNDER
7 TITLE 14, SUBTITLE 5 OF THE INSURANCE ARTICLE IN ACCORDANCE WITH THE
8 SCHEDULE ADOPTED BY THE COMMISSION UNDER SUBPARAGRAPH (II) OF THIS
9 PARAGRAPH.

10 (3) THE COMMISSION, IN CONSULTATION WITH THE BOARD OF THE
11 MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND ESTABLISHED UNDER
12 TITLE 14, SUBTITLE 5 OF THE INSURANCE ARTICLE, SHALL REDETERMINE THE
13 ASSESSMENT ON ACUTE CARE HOSPITALS IF THE COMMISSION FINDS THAT A 1%
14 ASSESSMENT WILL RESULT IN THE LOSS OF THE STATE'S MEDICARE WAIVER UNDER
15 § 1814(B) OF THE SOCIAL SECURITY ACT.

16 (E) (1) THE COMMISSION SHALL ADJUST HOSPITAL RATES TO TAKE INTO
17 ACCOUNT THE ASSESSMENT REQUIRED UNDER SUBSECTION (D) OF THIS SECTION.

18 (2) THE COMMISSION MAY NOT CONSIDER THE ASSESSMENT REQUIRED
19 UNDER SUBSECTION (D) OF THIS SECTION IN DETERMINING:

20 (I) THE REASONABLENESS OF RATES UNDER THIS SECTION; OR

21 (II) HOSPITAL FINANCIAL PERFORMANCE.

22 SECTION 6. AND BE IT FURTHER ENACTED, That Section(s) 15-606 of
23 Article - Insurance of the Annotated Code of Maryland, as enacted by Section 3 of this
24 Act, be repealed.

25 SECTION 7. AND BE IT FURTHER ENACTED, That the terms of the initial
26 members of the Board of the Maryland Health Insurance and Assistance Fund shall
27 expire as follows:

28 (1) 3 members in 2003;

29 (2) 3 members in 2004; and

30 (3) 3 members in 2005.

31 SECTION 8. AND BE IT FURTHER ENACTED, That:

32 (a) Enrollment in the Short-Term Prescription Drug Subsidy Program
33 established under Chapter 565 of the Acts of the General Assembly of 2000 shall be
34 terminated on June 1, 2001;

35 (b) The carrier that provides drug benefits under the Program shall
36 continue to provide those benefits in accordance with the terms of its contract with

1 the State for those individuals who are enrolled in the program at the time that new
2 enrollment is terminated under subsection (a) of this section;

3 (c) The Department of Health and Mental Hygiene shall ensure that the
4 carrier has the funds necessary to provide the required Program benefits until the
5 Program terminates in accordance with this section;

6 (d) Any funds in the Short-Term Prescription Drug Subsidy Plan Fund
7 on June 1, 2001 or in any other public or private account that is used to support the
8 Short-Term Prescription Drug Subsidy Plan on June 1, 2001, that are not needed to
9 fund Program benefits for the remaining enrollees in accordance with subsection (c) of
10 this section, shall be transferred, no later than October 1, 2001 to the Maryland
11 Health Insurance and Assistance Fund established under Title 14, Subtitle 5 of the
12 Insurance Article; and

13 (e) Coverage under the Program shall cease on the earlier of:

14 (1) the date on which the last policy in existence on June 1, 2001
15 expires; or

16 (2) June 30, 2002.

17 SECTION 9. AND BE IT FURTHER ENACTED, That the Maryland Health
18 Insurance and Assistance Fund established under this Act shall begin enrolling
19 eligible individuals on or before July 1, 2002.

20 SECTION 10. AND BE IT FURTHER ENACTED, That:

21 (a) It is the intent of the General Assembly that the Governor include a
22 refundable supplemental appropriation in the fiscal year 2002 State budget sufficient
23 to cover the administrative and operating costs of the Board of the Maryland Health
24 Insurance and Assistance Fund until such time as the Fund receives money from the
25 funding sources provided for in this Act; and

26 (b) The Board of the Maryland Health Insurance and Assistance Fund
27 shall repay any money appropriated by the Governor in the fiscal year 2002 State
28 budget when money sufficient to repay the appropriation and to cover the ongoing
29 operating expenses of the Board is deposited in the Fund from the funding sources
30 provided for in this Act.

31 SECTION 11. AND BE IT FURTHER ENACTED, That:

32 (a) The Maryland Health Services Cost Review Commission shall
33 continue to offer a differential in hospital rates for qualified carriers under the
34 Substantial, Available, and Affordable Coverage (SAAC) Program until July 1, 2002;

35 (b) On July 1, 2002, the differential offered under the SAAC Program
36 shall terminate; and

1 (c) Each carrier that chooses to discontinue its participation in the SAAC
2 Program shall provide written notification to each of its SAAC product enrollees of
3 the existence of the Maryland Health Insurance and Assistance Fund and the
4 availability of coverage under the Fund.

5 SECTION 12. AND BE IT FURTHER ENACTED, That Sections 1, 2, 3, and 8 of
6 this Act shall take effect June 1, 2001.

7 SECTION 13. AND BE IT FURTHER ENACTED, That Sections 5 and 6 of this
8 Act shall take effect July 1, 2002.

9 SECTION 14. AND BE IT FURTHER ENACTED, That, except as provided in
10 Sections 12 and 13 of this Act, this Act shall take effect July 1, 2001.