

HOUSE BILL 1228

Unofficial Copy  
C3

2002 Regular Session  
(2r1099)

*ENROLLED BILL*  
*-- Economic Matters/Finance --*

Introduced by Delegates Taylor and Buseh, Busch, Barve, Brown, Donoghue, Eckardt, Fulton, Goldwater, Gordon, Harrison, Hill, Kach, Kirk, Krysiak, La Vay, Love, McClenahan, McHale, Minnick, Mitchell, Moe, Pendergrass, Pielke, Walkup, Barkley, Bobo, Bozman, Cadden, Clagett, DeCarlo, Hubers, Mandel, Nathan-Pulliam, Rosso, Rudolph, Snodgrass, Sophocleus, and Turner Turner, Giannetti, Swain, and Conroy

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Maryland Health Insurance Plan and Senior Prescription Drug Program**  
3 **Health Insurance Safety Net Act of 2002**

4 FOR the purpose of establishing a certain health insurance plan to provide  
5 comprehensive health benefits to certain individuals with preexisting medical  
6 conditions; establishing a board of directors for the plan; specifying certain  
7 duties and responsibilities of the Board; granting the Board certain regulatory  
8 authority; authorizing the Board to aggregate the purchasing of prescription  
9 drugs for enrollees in the plan and in the Senior Prescription Drug Program for  
10 a certain purpose; specifying the purpose of the plan; establishing a fund;  
11 specifying the contents of the fund; specifying that a debt or obligation of the  
12 plan is not a debt or pledge of credit of the State; specifying the uses of the fund;

1 specifying the ~~terms of the initial members~~ term of a certain member of the  
2 Board; requiring the Board to adopt certain regulations; requiring the Board to  
3 establish certain premium rates using a certain process; requiring the ~~Maryland~~  
4 ~~Health Care Commission Board~~ to establish a certain benefit package;  
5 exempting the plan from a certain premium tax; limiting certain premium rates;  
6 providing that certain losses shall be subsidized in a certain manner; providing  
7 for the reimbursement ~~and calculation of of plan losses in a certain manner~~;  
8 requiring the Board to take certain steps to limit enrollment in the plan based  
9 on a certain financial capacity; requiring the Board to contract with an  
10 administrator for the plan ~~and the program~~ based on certain criteria; requiring  
11 the administrator to provide certain reports; specifying that the Board may  
12 contract with a certain third party for certain purposes; prohibiting a certain  
13 third party from using certain information except under certain circumstances;  
14 specifying that certain actions are unlawful; requiring the Board to begin  
15 enrolling certain individuals in the plan and the program by a certain date;  
16 exempting the plan from the application of certain provisions of law; repealing a  
17 certain prescription drug subsidy plan; establishing a program to provide  
18 certain prescription drugs benefits to certain individuals; specifying the purpose  
19 of the program; requiring a certain person to administer the program;  
20 establishing a board of directors for the program; requiring a certain  
21 administrator to submit certain reports and data to the Board; requiring a  
22 certain carrier to deposit certain money to a certain fund at a certain time;  
23 restricting enrollment in the program subject to the availability of certain funds;  
24 specifying certain cost-sharing requirements for the program; authorizing the  
25 Board to limit a certain benefit; requiring ~~the Board to adopt a certain~~  
26 administrator to develop a certain formulary subject to approval by the Board;  
27 requiring that certain money be deposited in a certain account; specifying the  
28 contents of the account; requiring the Board to submit a certain report;  
29 authorizing the Board to develop certain outreach materials and to publicize the  
30 program in a certain manner; requiring the Department of Aging to perform  
31 certain functions on behalf of the program; requiring the Board to develop a  
32 certain application; providing for the funding of certain outreach services;  
33 repealing a provision prohibiting the Insurance Commissioner from considering  
34 a certain activity when making a certain determination; requiring the Health  
35 Services Cost Review Commission to ~~levy~~ calculate a certain assessment ~~on~~ for  
36 certain hospitals; ~~authorizing the Commission, in consultation with the Board,~~  
37 ~~to redetermine a certain assessment under certain circumstances~~; requiring  
38 certain hospitals to remit certain payments to a certain fund; requiring the  
39 Commission to adjust certain hospital rates for a certain purpose; prohibiting  
40 the Commission from considering a certain assessment when making a certain  
41 determination; repealing a certain responsibility of the Maryland Health Care  
42 Commission; requiring certain insurance carriers to submit a certain quarterly  
43 report to the Insurance Commissioner within a certain period of time; requiring  
44 a certain insurance carrier to provide a certain notice to a certain individual  
45 under certain circumstances; altering certain exceptions to a prohibition on  
46 certain carriers cancelling or refusing to renew a certain individual health  
47 benefit plan; repealing certain provisions relating to the affordability and  
48 availability of certain individual health benefit plans; altering certain

1 requirements for the issuance of a certificate of authority to a nonprofit health  
 2 service plan; requiring the Maryland Insurance Administration to submit a  
 3 certain notice to the federal government by a certain date; requiring a certain  
 4 trustee to transfer certain money to a certain fund for certain purposes on a  
 5 certain date; requiring certain insurance carriers to continue covering certain  
 6 individuals under a certain program for a certain period of time; providing for  
 7 the administration of a certain program during a certain period of time;  
 8 terminating requiring the Maryland Insurance Administration and the Health  
 9 Services Cost Review Commission to terminate a certain substantial, available,  
 10 and affordable coverage program on a certain date; requiring certain carriers to  
 11 provide notice to certain individuals by a certain date; providing for the  
 12 termination of a certain funding mechanism under certain circumstances;  
 13 requiring a certain board to make certain recommendations to the General  
 14 Assembly under certain circumstances; requiring the Secretary of Health and  
 15 Mental Hygiene and a certain insurance carrier to transfer certain records,  
 16 data, and other information to the Board and at the option of the Board, a  
 17 certain administrator; requiring certain enrollees to be automatically enrolled in  
 18 the Senior Prescription Drug Program under certain circumstances; specifying a  
 19 certain intent of the General Assembly; providing for the termination of the  
 20 Senior Prescription Drug Program under certain circumstances; providing for  
 21 the termination of the program on a certain date; requiring the Secretary to  
 22 provide certain notice to the Department of Legislative Services within a certain  
 23 time frame; requiring a certain carrier to begin subsidizing a certain program on  
 24 a certain date; repealing a certain provision of law prohibiting a certain  
 25 commission from eliminating or adjusting a certain differential; repealing  
 26 certain termination provisions; defining certain terms; providing for a delayed  
 27 effective date for certain provisions of this Act; and generally relating to health  
 28 benefits for medically uninsurable and underinsured individuals.

29 BY repealing

30 Article - Insurance

31 Section ~~15-606, 15-606.1, 15-1301(b), (n), (p), (q), (r), and (t), 15-1304 through~~  
 32 ~~15-1307, inclusive, 15-1308(a), (b), (c), (d), and (g), and 15-1312 15-606~~  
 33 ~~and 15-606.1~~

34 Annotated Code of Maryland

35 (1997 Volume and 2001 Supplement)

36 BY repealing

37 Article - Health - General

38 Section 15-601 through 15-606, inclusive, and the subtitle "Subtitle 6.  
 39 Short-Term Prescription Drug Subsidy Plan"

40 Annotated Code of Maryland

41 (2000 Replacement Volume and 2001 Supplement)

42 BY renumbering

43 ~~Article - Insurance~~

44 ~~Section 15-1301(e), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (o), and (s), 15-1308(e)~~

1 and (f), and 15-1309 through 15-1311, respectively  
2 to be Section 15-1301(b) through (n), 15-1304(a) and (b), and 15-1305 through  
3 15-1307, respectively  
4 Annotated Code of Maryland  
5 (1997 Volume and 2001 Supplement)

6 BY repealing and reenacting, with amendments,  
7 Article - Health - General  
8 Section 19-103(c)  
9 Annotated Code of Maryland  
10 (2000 Replacement Volume and 2001 Supplement)

11 BY adding to  
12 Article - Health - General  
13 Section 19-219(d) and (e)  
14 Annotated Code of Maryland  
15 (2000 Replacement Volume and 2001 Supplement)

16 BY repealing and reenacting, with amendments,  
17 Article - Insurance  
18 Section 6-101(b) ~~and 14-106, 14-106, 14-110, 15-1303, and 15-1309(b)~~  
19 Annotated Code of Maryland  
20 (1997 Volume and 2001 Supplement)

21 ~~BY repealing and reenacting, with amendments,  
22 Article - Insurance  
23 Section 15-1305(b)  
24 Annotated Code of Maryland  
25 (1997 Volume and 2001 Supplement)  
26 (As enacted by Section 3 of this Act)~~

27 BY adding to  
28 Article - Insurance  
29 Section 14-501 through 14-515, inclusive, to be under the new subtitle "Subtitle  
30 5. Programs for Medically Uninsurable and Underinsured Individuals"  
31 Annotated Code of Maryland  
32 (1997 Volume and 2001 Supplement)

33 BY repealing and reenacting, with amendments,  
34 Article - State Finance and Procurement  
35 Section 11-203(a)(1)  
36 Annotated Code of Maryland  
37 (2001 Replacement Volume)

1 BY repealing  
 2 Chapter 565 of the Acts of the General Assembly of 2000 as amended by  
 3 Chapters 134 and 135 of the Acts of the General Assembly of 2001  
 4 Section 2

5 BY repealing and reenacting, with amendments,  
 6 Chapter 134 of the Acts of the General Assembly of 2001  
 7 Section 12

8 BY repealing and reenacting, with amendments,  
 9 Chapter 135 of the Acts of the General Assembly of 2001  
 10 Section 12

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 12 MARYLAND, That Section(s) ~~15-606, 15-606.1, 15-606 and 15-606.1~~ ~~15-1301(b),~~  
 13 ~~(n), (p), (q), (r), and (t), 15-1304 through 15-1307, inclusive, 15-1308(a), (b), (c), (d),~~  
 14 ~~and (g), and 15-1312~~ of Article - Insurance of the Annotated Code of Maryland be  
 15 repealed.

16 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 15-601  
 17 through 15-606, inclusive, and the subtitle "Subtitle 6. Short-Term Prescription  
 18 Drug Subsidy Plan" of Article - Health - General of the Annotated Code of Maryland  
 19 be repealed.

20 ~~SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 15-1301(e),~~  
 21 ~~(d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (o), and (s), 15-1308(e) and (f), 15-1309 through~~  
 22 ~~15-1311, respectively, of Article - Insurance of the Annotated Code of Maryland be~~  
 23 ~~renumbered to be Section(s) 15-1301(b) through (n), 15-1304(a) and (b), and 15-1305~~  
 24 ~~through 15-1307, respectively.~~

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

27 **Article - Health - General**

28 19-103.

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

30 (1) Develop health care cost containment strategies to help provide  
 31 access to appropriate quality health care services for all Marylanders, after  
 32 consulting with the Health Services Cost Review Commission;

33 (2) Promote the development of a health regulatory system that  
 34 provides, for all Marylanders, financial and geographic access to quality health care  
 35 services at a reasonable cost by:

36 (i) Advocating policies and systems to promote the efficient  
 37 delivery of and improved access to health care services; and

1 (ii) Enhancing the strengths of the current health care service  
2 delivery and regulatory system;

3 (3) Facilitate the public disclosure of medical claims data for the  
4 development of public policy;

5 (4) Establish and develop a medical care data base on health care  
6 services rendered by health care practitioners;

7 (5) Encourage the development of clinical resource management systems  
8 to permit the comparison of costs between various treatment settings and the  
9 availability of information to consumers, providers, and purchasers of health care  
10 services;

11 (6) In accordance with Title 15, Subtitle 12 of the Insurance Article,  
12 develop:

13 (i) A uniform set of effective benefits to be included in the  
14 Comprehensive Standard Health Benefit Plan; and

15 (ii) A modified health benefit plan for medical savings accounts;

16 (7) Analyze the medical care data base and provide, in aggregate form,  
17 an annual report on the variations in costs associated with health care practitioners;

18 (8) Ensure utilization of the medical care data base as a primary means  
19 to compile data and information and annually report on trends and variances  
20 regarding fees for service, cost of care, regional and national comparisons, and  
21 indications of malpractice situations;

22 (9) Establish standards for the operation and licensing of medical care  
23 electronic claims clearinghouses in Maryland;

24 (10) Reduce the costs of claims submission and the administration of  
25 claims for health care practitioners and payors;

26 (11) [Develop a uniform set of effective benefits to be offered as  
27 substantial, available, and affordable coverage in the nongroup market in accordance  
28 with § 15-606 of the Insurance Article;

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

31 [(13)] (12) Promote the availability of information to consumers on charges  
32 by practitioners and reimbursements from payors.

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

Article - Health - General

1 19-219.

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

5 ~~(II) THE ASSESSMENT SHALL BE COLLECTED IN ACCORDANCE~~  
6 ~~WITH A SCHEDULE ESTABLISHED BY THE INSURANCE COMMISSIONER IN~~  
7 ~~CONSULTATION WITH REPRESENTATIVES OF THE ACUTE CARE HOSPITALS.~~

8 ~~(III) EACH ACUTE CARE HOSPITAL ASSESSED UNDER THIS~~  
9 ~~SUBSECTION SHALL REMIT THE FULL AMOUNT OF THE ASSESSMENT TO THE BOARD~~  
10 ~~OF THE MARYLAND HEALTH INSURANCE PLAN ESTABLISHED UNDER TITLE 14,~~  
11 ~~SUBTITLE 5 OF THE INSURANCE ARTICLE.~~

12 ~~(2) THE COMMISSION, IN CONSULTATION WITH THE BOARD OF THE~~  
13 ~~MARYLAND HEALTH INSURANCE PLAN, SHALL REDETERMINE THE ASSESSMENT ON~~  
14 ~~ACUTE CARE HOSPITALS IF THE COMMISSION FINDS THAT A 1% ASSESSMENT WILL~~  
15 ~~RESULT IN THE LOSS OF THE STATE'S MEDICARE WAIVER UNDER § 1814(B) OF THE~~  
16 ~~FEDERAL SOCIAL SECURITY ACT.~~

17 ~~(D) (1) IN THIS SUBSECTION, "BASE HOSPITAL RATE" MEANS THE~~  
18 ~~AGGREGATE VALUE TO PARTICIPATING COMMERCIAL HEALTH INSURANCE~~  
19 ~~CARRIERS OF THE SUBSTANTIAL, AVAILABLE, AND AFFORDABLE COVERAGE~~  
20 ~~PURCHASER DIFFERENTIAL AS DETERMINED BY THE COMMISSION FOR THE~~  
21 ~~CALENDAR YEAR 2002.~~

22 ~~(2) THE COMMISSION, IN ACCORDANCE WITH THIS SUBSECTION, SHALL~~  
23 ~~DETERMINE AND COLLECT FUNDS NECESSARY TO OPERATE AND ADMINISTER THE~~  
24 ~~MARYLAND HEALTH INSURANCE PLAN ESTABLISHED UNDER TITLE 14, SUBTITLE 5~~  
25 ~~OF THE INSURANCE ARTICLE.~~

26 ~~(3) (I) THE COMMISSION SHALL DETERMINE THE PERCENTAGE OF~~  
27 ~~TOTAL NET PATIENT REVENUE RECEIVED IN CALENDAR YEAR 2002 BY ALL~~  
28 ~~HOSPITALS FOR WHICH THE COMMISSION APPROVED HOSPITAL RATES THAT IS~~  
29 ~~REPRESENTED BY THE BASE HOSPITAL RATE.~~

30 ~~(II) THE PERCENTAGE UNDER SUBPARAGRAPH (I) OF THIS~~  
31 ~~PARAGRAPH SHALL BE DETERMINED BY DIVIDING THE BASE HOSPITAL RATE BY THE~~  
32 ~~TOTAL NET PATIENT REVENUE RECEIVED IN CALENDAR YEAR 2002 BY ALL~~  
33 ~~HOSPITALS FOR WHICH THE COMMISSION APPROVED HOSPITAL RATES.~~

34 ~~(4) ON OR BEFORE MAY 1 OF EACH YEAR, THE COMMISSION SHALL:~~

35 ~~(I) DETERMINE THE AMOUNT OF FUNDING TO ALLOCATE TO THE~~  
36 ~~MARYLAND HEALTH INSURANCE PLAN BY MULTIPLYING THE PERCENTAGE~~  
37 ~~DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION BY THE VALUE OF THE~~  
38 ~~TOTAL NET PATIENT REVENUES RECEIVED IN THE IMMEDIATELY PRECEDING~~  
39

1 FISCAL YEAR BY ALL HOSPITALS FOR WHICH RATES WERE APPROVED BY THE  
 2 COMMISSION; AND

3 (II) DETERMINE THE SHARE OF TOTAL FUNDING OWED BY EACH  
 4 HOSPITAL FOR WHICH RATES HAVE BEEN APPROVED BY THE COMMISSION  
 5 PROPORTIONATE TO THE PERCENTAGE OF THE BASE HOSPITAL RATE  
 6 ATTRIBUTABLE TO EACH HOSPITAL.

7 (5) EACH HOSPITAL SHALL REMIT MONTHLY ONE-TWELFTH OF THE  
 8 AMOUNT DETERMINED UNDER PARAGRAPH (4)(II) OF THIS SUBSECTION TO THE  
 9 MARYLAND HEALTH INSURANCE PLAN FUND.

10 (E) (1) ~~THE COMMISSION SHALL ADJUST HOSPITAL RATES TO TAKE INTO~~  
 11 ~~ACCOUNT THE ASSESSMENT REQUIRED UNDER SUBSECTION (D) OF THIS SECTION~~  
 12 ~~ENSURE THAT THE ASSESSMENT COLLECTED UNDER SUBSECTION (D) OF THIS~~  
 13 ~~SECTION IS REVENUE NEUTRAL TO EACH HOSPITAL.~~

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

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

17 (II) HOSPITAL FINANCIAL PERFORMANCE.

18 **Article - Insurance**

19 14-106.

20 (a) It is the public policy of this State that the exemption from taxation for  
 21 nonprofit health service plans under § 6-101(b)(1) of this article is granted so that  
 22 funds which would otherwise be collected by the State and spent for a public purpose  
 23 shall be used in a like manner and amount by the nonprofit health service plan.

24 (b) This section does not apply to a nonprofit health service plan that insures  
 25 fewer than 10,000 covered lives in Maryland.

26 (c) By March 1 of each year or a deadline otherwise imposed by the  
 27 Commissioner for good cause, each nonprofit health service plan shall file with the  
 28 Commissioner a premium tax exemption report that:

29 (1) is in a form approved by the Commissioner; and

30 (2) demonstrates that the plan has used funds equal to the value of the  
 31 premium tax exemption provided to the plan under § 6-101(b) of this article, in a  
 32 manner that serves the public interest in accordance with [subsection]  
 33 SUBSECTIONS (d) AND (E) of this section.

34 (d) [Except as provided in subsection (e) of this section, a] A nonprofit health  
 35 service plan may satisfy the public service requirement in subsection (c)(2) of this  
 36 section by establishing that the plan has:



1 (1) increased access to, or the affordability of, one or more health care  
2 products or services by offering and selling health care products or services that are  
3 not required or provided for by law; or

4 (2) served the public interest by any method or practice approved by the  
5 Commissioner.

6 [(e) The Commissioner may not consider the fact that a nonprofit health  
7 service plan offers a product through the substantial, available, affordable coverage  
8 program when determining whether the plan has satisfied the requirements of  
9 subsection (c)(2) of this section.]

10 (E) (1) A NONPROFIT HEALTH SERVICE PLAN THAT IS SUBJECT TO THIS  
11 SECTION AND ISSUES COMPREHENSIVE HEALTH CARE BENEFITS IN THE STATE  
12 SHALL ADMINISTER AND SUBSIDIZE THE SENIOR PRESCRIPTION DRUG PROGRAM  
13 ESTABLISHED UNDER TITLE 14, SUBTITLE 5, PART II OF THIS TITLE.

14 (2) THE SUBSIDY REQUIRED UNDER THE SENIOR PRESCRIPTION DRUG  
15 PROGRAM MAY NOT EXCEED THE VALUE OF THE NONPROFIT HEALTH SERVICE  
16 PLAN'S PREMIUM TAX EXEMPTION UNDER § 6-101(B) OF THIS ARTICLE.

17 (f) Each report filed with the Commissioner under subsection (c) of this  
18 section is a public record.

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

21 Article - Insurance

22 15-1303.

23 (A) In addition to any other requirements under this article, a carrier that  
24 offers individual health benefit plans in this State shall:

25 (1) have demonstrated the capacity to administer the individual health  
26 benefit plans, including adequate numbers and types of administrative staff;

27 (2) have a satisfactory grievance procedure and ability to respond to  
28 calls, questions, and complaints from enrollees or insureds; and

29 (3) design policies to help ensure that enrollees or insureds have  
30 adequate access to providers of health care.

31 (B) (1) FOR EACH CALENDAR QUARTER, A CARRIER THAT OFFERS  
32 INDIVIDUAL HEALTH BENEFIT PLANS IN THE STATE SHALL SUBMIT TO THE  
33 COMMISSIONER A REPORT THAT INCLUDES:

34 (I) THE NUMBER OF APPLICATIONS SUBMITTED TO THE CARRIER  
35 FOR INDIVIDUAL COVERAGE; AND

1                    (II)    THE NUMBER OF DECLINATIONS ISSUED BY THE CARRIER FOR  
 2 INDIVIDUAL COVERAGE.

3                    (2)    THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS  
 4 SUBSECTION SHALL BE FILED WITH THE COMMISSIONER NO LATER THAN 30 DAYS  
 5 AFTER THE LAST DAY OF THE QUARTER FOR WHICH THE INFORMATION IS  
 6 PROVIDED.

7                    (C)    (1)    IF A CARRIER DENIES COVERAGE UNDER A MEDICALLY  
 8 UNDERWRITTEN HEALTH BENEFIT PLAN TO AN INDIVIDUAL IN THE NONGROUP  
 9 MARKET, THE CARRIER SHALL PROVIDE THE INDIVIDUAL WITH SPECIFIC  
 10 INFORMATION REGARDING THE AVAILABILITY OF COVERAGE UNDER THE  
 11 MARYLAND HEALTH INSURANCE PLAN ESTABLISHED UNDER TITLE 14, SUBTITLE 5  
 12 OF THIS ARTICLE.

13                   (2)    A NOTICE ISSUED BY A CARRIER UNDER THIS SUBSECTION SHALL BE  
 14 PROVIDED IN A MANNER AND FORM REQUIRED BY THE COMMISSIONER.

15 ~~15-1305.~~ 15-1309.

16                   (b)    A carrier may not cancel or refuse to renew an individual health benefit  
 17 plan except:

18                   (1)    for nonpayment of the required premiums;

19                   (2)    where the individual has performed an act or practice that  
 20 constitutes fraud;

21                   (3)    where the individual has made an intentional misrepresentation of  
 22 material fact under the terms of the coverage;

23                   (4)    where the carrier elects not to renew all of its individual health  
 24 benefit plans in the State;

25                   (5)    where the [eligible] individual no longer resides, lives, or works in  
 26 the service area, provided that the coverage is terminated under this provision  
 27 uniformly without regard to any health status-related factor of covered individuals;  
 28 or

29                   (6)    where, in the case of health insurance coverage that is made  
 30 available in the individual market only through one or more bona fide associations,  
 31 the membership of the [eligible] individual in the association ceases but only if such  
 32 coverage is terminated under this paragraph uniformly without regard to any health  
 33 status-related factor of covered individuals.

34                   SECTION ~~5-~~ 6. AND BE IT FURTHER ENACTED, That the Laws of  
 35 Maryland read as follows:

1

**Article - Insurance**

2 6-101.

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

4 (1) a nonprofit health service plan corporation that meets the  
5 requirements established under §§ 14-106 and 14-107 of this article;

6 (2) a fraternal benefit society;

7 (3) a health maintenance organization authorized by Title 19, Subtitle 7  
8 of the Health - General Article;9 (4) a surplus lines broker, who is subject to taxation in accordance with  
10 Title 3, Subtitle 3 of this article;11 (5) an unauthorized insurer, who is subject to taxation in accordance  
12 with Title 4, Subtitle 2 of this article; or13 (6) [the Short-Term Prescription Drug Subsidy Plan created under Title  
14 15, Subtitle 6 of the Health - General Article] THE MARYLAND HEALTH INSURANCE  
15 PLAN ESTABLISHED UNDER TITLE 14, SUBTITLE 5, PART I OF THIS ARTICLE; OR16 (7) THE SENIOR PRESCRIPTION DRUG PROGRAM ESTABLISHED UNDER  
17 TITLE 14, SUBTITLE 5, PART II OF THIS ARTICLE.18 SECTION 7. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
19 read as follows:

20

**Article - Insurance**21 14-110.22 The Commissioner shall issue a certificate of authority to an applicant if:23 (1) the applicant has paid the applicable fee required by § 2-112 of this  
24 article; and25 (2) the Commissioner is satisfied:26 (i) that the applicant has been organized in good faith for the  
27 purpose of establishing, maintaining, and operating a nonprofit health service plan;28 (ii) that:29 1. each contract executed or proposed to be executed by the  
30 applicant and a health care provider to furnish health care services to subscribers to  
31 the nonprofit health service plan, obligates or, when executed, will obligate each health  
32 care provider party to the contract to render the health care services to which each



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

3 (2) A NONPROFIT HEALTH SERVICE PLAN THAT IS LICENSED TO  
4 OPERATE IN THE STATE; OR

5 (3) A HEALTH MAINTENANCE ORGANIZATION THAT IS LICENSED TO  
6 OPERATE IN THE STATE.

7 (E) "FUND" MEANS THE MARYLAND HEALTH INSURANCE PLAN FUND.

8 (F) (1) "MEDICALLY UNINSURABLE INDIVIDUAL" MEANS AN INDIVIDUAL  
9 WHO IS A RESIDENT OF THE STATE AND WHO:

10 (1) PROVIDES EVIDENCE ~~TO THE BOARD~~ THAT, FOR HEALTH  
11 REASONS, A CARRIER HAS REFUSED TO ISSUE SUBSTANTIALLY SIMILAR COVERAGE  
12 TO THE INDIVIDUAL;

13 (2) PROVIDES EVIDENCE ~~TO THE BOARD~~ THAT, FOR HEALTH  
14 REASONS, A CARRIER HAS REFUSED TO ISSUE SUBSTANTIALLY SIMILAR COVERAGE  
15 TO THE INDIVIDUAL, EXCEPT AT A RATE THAT EXCEEDS THE PLAN RATE;

16 (3) SATISFIES THE DEFINITION OF "ELIGIBLE INDIVIDUAL"  
17 UNDER § 15-1301 OF THIS ARTICLE;

18 (4) HAS A HISTORY OF OR SUFFERS FROM A MEDICAL OR HEALTH  
19 CONDITION THAT IS INCLUDED ON A LIST PROMULGATED IN REGULATION BY THE  
20 BOARD; OR

21 (5) IS A DEPENDENT OF AN INDIVIDUAL WHO IS ELIGIBLE FOR  
22 COVERAGE UNDER THIS SUBSECTION.

23 (2) "MEDICALLY UNINSURABLE INDIVIDUAL" DOES NOT INCLUDE AN  
24 INDIVIDUAL WHO IS ELIGIBLE FOR COVERAGE UNDER:

25 (I) THE FEDERAL MEDICARE PROGRAM;

26 (II) THE MARYLAND MEDICAL ASSISTANCE PROGRAM;

27 (III) THE MARYLAND CHILDREN'S HEALTH PROGRAM; OR

28 (IV) AN EMPLOYER-SPONSORED GROUP HEALTH INSURANCE PLAN  
29 THAT INCLUDES BENEFITS COMPARABLE TO PLAN BENEFITS.

30 (G) "PLAN" MEANS THE MARYLAND HEALTH INSURANCE PLAN.

31 (H) "PLAN OF OPERATION" MEANS THE ARTICLES, BYLAWS, AND OPERATING  
32 RULES AND PROCEDURES ADOPTED BY THE BOARD IN ACCORDANCE WITH § 14-503  
33 OF THIS SUBTITLE.

1 14-502.

2 (A) THERE IS A MARYLAND HEALTH INSURANCE PLAN.

3 (B) THE PLAN IS AN INDEPENDENT UNIT ~~OF STATE GOVERNMENT THAT~~  
4 OPERATES WITHIN THE ADMINISTRATION.

5 (C) THE PURPOSE OF THE PLAN IS TO DECREASE UNCOMPENSATED CARE  
6 COSTS BY PROVIDING ACCESS TO AFFORDABLE, COMPREHENSIVE HEALTH  
7 BENEFITS FOR MEDICALLY UNINSURABLE RESIDENTS OF THE STATE BY JULY 1,  
8 2003.

9 (D) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE PLAN OPERATE  
10 AS A NONPROFIT ENTITY AND THAT FUND REVENUE, TO THE EXTENT CONSISTENT  
11 WITH GOOD BUSINESS PRACTICES, BE USED TO SUBSIDIZE HEALTH INSURANCE  
12 COVERAGE FOR MEDICALLY UNINSURABLE INDIVIDUALS.

13 14-503.

14 (A) THERE IS A BOARD FOR THE PLAN.

15 (B) THE PLAN SHALL OPERATE SUBJECT TO THE SUPERVISION AND CONTROL  
16 OF THE BOARD.

17 (C) THE BOARD CONSISTS OF ~~NINE~~ FIVE MEMBERS, OF WHOM~~;~~:

18 (1) ONE SHALL BE THE COMMISSIONER;

19 (2) ONE SHALL BE THE EXECUTIVE DIRECTOR OF THE MARYLAND  
20 HEALTH CARE COMMISSION;

21 (3) ONE SHALL BE THE EXECUTIVE DIRECTOR OF THE HEALTH  
22 SERVICES COST REVIEW COMMISSION;

23 ~~(4) FOUR SHALL BE APPOINTED JOINTLY BY THE SPEAKER OF THE~~  
24 ~~HOUSE AND THE PRESIDENT OF THE SENATE IN ACCORDANCE WITH SUBSECTION~~  
25 ~~(D)(1) OF THIS SECTION; AND~~

26 ~~(5) TWO SHALL BE APPOINTED BY THE GOVERNOR WITH THE ADVICE~~  
27 ~~AND CONSENT OF THE SENATE IN ACCORDANCE WITH SUBSECTION (D)(2) OF THIS~~  
28 ~~SECTION.~~

29 ~~(D) (1) OF THE MEMBERS APPOINTED JOINTLY BY THE SPEAKER OF THE~~  
30 ~~HOUSE AND THE PRESIDENT OF THE SENATE:~~

31 ~~(1) ONE SHALL BE KNOWLEDGEABLE ABOUT THE BUSINESS OF~~  
32 ~~INSURANCE, BUT NOT AN OFFICER OR EMPLOYEE OF A CARRIER DOING BUSINESS IN~~  
33 ~~THE STATE;~~

1 ~~(II) ONE SHALL BE AN INDIVIDUAL ENGAGED IN THE~~  
2 ~~MANAGEMENT OR ADMINISTRATION OF EMPLOYEE HEALTH BENEFITS ON BEHALF~~  
3 ~~OF AN EMPLOYER IN THE STATE WITH FEWER THAN 100 EMPLOYEES;~~

4 ~~(III) ONE SHALL BE KNOWLEDGEABLE ABOUT THE HOSPITAL AND~~  
5 ~~HEALTH CARE DELIVERY SYSTEM IN THE STATE; AND~~

6 ~~(IV) ONE SHALL BE A LICENSED HEALTH CARE PROVIDER.~~

7 ~~(2) EACH MEMBER APPOINTED BY THE GOVERNOR SHALL BE A~~  
8 ~~CONSUMER WHO DOES NOT HAVE A SUBSTANTIAL FINANCIAL INTEREST IN A~~  
9 ~~PERSON REGULATED UNDER THIS ARTICLE OR UNDER TITLE 19, SUBTITLE 7 OF THE~~  
10 ~~HEALTH - GENERAL ARTICLE.~~

11 ~~(3) TO THE EXTENT PRACTICABLE, WHEN APPOINTING MEMBERS TO~~  
12 ~~THE BOARD, THE GOVERNOR, PRESIDENT OF THE SENATE, AND SPEAKER OF THE~~  
13 ~~HOUSE SHALL ASSURE GEOGRAPHIC BALANCE AND RACIAL DIVERSITY IN THE~~  
14 ~~BOARD'S MEMBERSHIP.~~

15 ~~(4) ONE SHALL BE THE SECRETARY OF THE DEPARTMENT OF BUDGET~~  
16 ~~AND MANAGEMENT; AND~~

17 ~~(5) ONE SHALL BE APPOINTED BY THE DIRECTOR OF THE HEALTH,~~  
18 ~~EDUCATION, AND ADVOCACY UNIT IN THE OFFICE OF THE ATTORNEY GENERAL IN~~  
19 ~~ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION.~~

20 ~~(D) (1) THE BOARD MEMBER APPOINTED UNDER SUBSECTION (C)(5) OF THIS~~  
21 ~~SECTION SHALL BE A CONSUMER WHO DOES NOT HAVE A SUBSTANTIAL FINANCIAL~~  
22 ~~INTEREST IN A PERSON REGULATED UNDER THIS ARTICLE OR UNDER TITLE 19,~~  
23 ~~SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE.~~

24 ~~(E) EXCEPT FOR AN EX OFFICIO MEMBER OF THE BOARD:~~

25 ~~(+)~~ ~~(2)~~ THE TERM OF ~~A~~ THE CONSUMER MEMBER IS 4 YEARS.

26 ~~(2) THE TERMS OF THE MEMBERS ARE STAGGERED AS REQUIRED BY~~  
27 ~~THE TERMS PROVIDED FOR MEMBERS ON JULY 1, 2002.~~

28 ~~(3) AT THE END OF A TERM, A~~ THE CONSUMER MEMBER CONTINUES TO  
29 SERVE UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

30 ~~(4) A~~ THE CONSUMER MEMBER WHO IS APPOINTED AFTER A TERM HAS  
31 BEGUN SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS  
32 APPOINTED AND QUALIFIES.

33 ~~(F)~~ ~~(E)~~ EACH MEMBER OF THE BOARD IS ENTITLED TO REIMBURSEMENT  
34 FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED  
35 IN THE STATE BUDGET.

1 ~~(G)~~ (F) (1) THE BOARD SHALL APPOINT AN EXECUTIVE DIRECTOR WHO  
2 SHALL BE THE CHIEF ADMINISTRATIVE OFFICER OF THE PLAN.

3 (2) THE EXECUTIVE DIRECTOR SHALL SERVE AT THE PLEASURE OF THE  
4 BOARD.

5 (3) THE BOARD SHALL DETERMINE THE APPROPRIATE COMPENSATION  
6 FOR THE EXECUTIVE DIRECTOR.

7 (4) UNDER THE DIRECTION OF THE BOARD, THE EXECUTIVE DIRECTOR  
8 SHALL PERFORM ANY DUTY OR FUNCTION THAT IS NECESSARY FOR THE OPERATION  
9 OF THE PLAN.

10 ~~(H)~~ (G) THE BOARD IS NOT SUBJECT TO:

11 (1) THE PROVISIONS OF THE STATE FINANCE AND PROCUREMENT  
12 ARTICLE;

13 (2) THE PROVISIONS OF DIVISION I OF THE STATE PERSONNEL AND  
14 PENSIONS ARTICLE THAT GOVERN THE STATE PERSONNEL MANAGEMENT SYSTEM;  
15 OR

16 (3) THE PROVISIONS OF DIVISIONS II AND III OF THE STATE PERSONNEL  
17 AND PENSIONS ARTICLE.

18 ~~(H)~~ (H) (1) THE BOARD SHALL ADOPT A PLAN OF OPERATION FOR THE  
19 PLAN.

20 (2) THE BOARD SHALL SUBMIT THE PLAN OF OPERATION AND ANY  
21 AMENDMENT TO THE PLAN OF OPERATION TO THE COMMISSIONER FOR APPROVAL.

22 (I) ON AN ANNUAL BASIS, THE BOARD SHALL SUBMIT TO THE  
23 COMMISSIONER AN AUDITED FINANCIAL REPORT OF THE FUND PREPARED BY AN  
24 INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT.

25 ~~(H)~~ ~~(H)~~ (J) (1) THE BOARD SHALL ADOPT REGULATIONS NECESSARY TO  
26 OPERATE AND ADMINISTER THE PLAN.

27 (2) REGULATIONS ADOPTED BY THE BOARD ~~SHALL~~ MAY INCLUDE:

28 (I) RESIDENCY REQUIREMENTS FOR PLAN ENROLLEES ~~WHO ARE~~  
29 ~~NOT CONSIDERED ELIGIBLE INDIVIDUALS UNDER § 15-1301 OF THIS ARTICLE;~~

30 (II) ~~PREEXISTING CONDITION LIMITATIONS FOR PLAN ENROLLEES~~  
31 ~~WHO ARE NOT CONSIDERED ELIGIBLE INDIVIDUALS UNDER § 15-1301 OF THIS~~  
32 ~~ARTICLE~~ PLAN ENROLLMENT PROCEDURES; AND

33 (III) ANY OTHER PLAN REQUIREMENTS AS DETERMINED BY THE  
34 BOARD.



1 ~~(J)~~ (K) IN ORDER TO MAXIMIZE VOLUME DISCOUNTS ON THE COST OF  
 2 PRESCRIPTION DRUGS, THE BOARD MAY AGGREGATE THE PURCHASING OF  
 3 PRESCRIPTION DRUGS FOR ENROLLEES IN THE PLAN AND ENROLLEES IN THE  
 4 SENIOR PRESCRIPTION DRUG PROGRAM ESTABLISHED UNDER PART II OF THIS  
 5 SUBTITLE.

6 14-504.

7 (A) (1) THERE IS A MARYLAND HEALTH INSURANCE PLAN FUND.

8 (2) THE FUND IS A SPECIAL NONLAPSING FUND THAT IS NOT SUBJECT  
 9 TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

10 (3) THE TREASURER SHALL SEPARATELY HOLD AND THE COMPTROLLER  
 11 SHALL ACCOUNT FOR THE FUND.

12 (4) THE FUND SHALL BE INVESTED AND REINVESTED AT THE  
 13 DIRECTION OF THE BOARD IN A MANNER THAT IS CONSISTENT WITH THE  
 14 REQUIREMENTS OF TITLE 5, SUBTITLE 6 OF THIS ARTICLE.

15 (5) ANY INVESTMENT EARNINGS SHALL BE RETAINED TO THE CREDIT  
 16 OF THE FUND.

17 (6) ON AN ANNUAL BASIS, THE FUND SHALL BE SUBJECT TO ~~AUDIT BY~~  
 18 ~~THE COMMISSIONER AT LEAST ONCE EVERY 3 YEARS~~ AN INDEPENDENT ACTUARIAL  
 19 REVIEW SETTING FORTH AN OPINION RELATING TO RESERVES AND RELATED  
 20 ACTUARIAL ITEMS HELD IN SUPPORT OF POLICIES AND CONTRACTS.

21 (7) THE FUND SHALL BE USED ONLY TO PROVIDE FUNDING FOR THE  
 22 PURPOSES AUTHORIZED UNDER THIS SUBTITLE.

23 (B) THE FUND SHALL CONSIST OF:

24 (1) PREMIUMS FOR COVERAGE THAT THE PLAN ISSUES;

25 (2) PREMIUMS PAID BY ENROLLEES OF THE SENIOR PRESCRIPTION  
 26 DRUG PROGRAM;

27 (3) ~~A 1% ASSESSMENT ON THE GROSS ANNUAL REVENUE OF EACH~~  
 28 ~~ACUTE CARE HOSPITAL IN THE STATE~~ MONEY COLLECTED IN ACCORDANCE WITH §  
 29 19-219 OF THE HEALTH - GENERAL ARTICLE;

30 (4) MONEY DEPOSITED BY A CARRIER IN ACCORDANCE WITH ~~§ 14-514~~ §  
 31 14-513 OF THIS SUBTITLE;

32 (5) INCOME FROM INVESTMENTS THAT THE BOARD MAKES OR  
 33 AUTHORIZES ON BEHALF OF THE FUND;

34 (6) INTEREST ON DEPOSITS OR INVESTMENTS OF MONEY FROM THE  
 35 FUND; AND

1 (7) MONEY COLLECTED BY THE BOARD AS A RESULT OF LEGAL OR  
2 OTHER ACTIONS TAKEN BY THE BOARD ON BEHALF OF THE FUND.

3 (C) THE BOARD SHALL TAKE STEPS NECESSARY TO ENSURE THAT PLAN  
4 ENROLLMENT DOES NOT EXCEED THE NUMBER OF ENROLLEES THE PLAN HAS THE  
5 FINANCIAL CAPACITY TO INSURE.

6 (D) (1) IN ADDITION TO THE OPERATION AND ADMINISTRATION OF THE  
7 PLAN, THE FUND SHALL BE USED FOR THE OPERATION AND ADMINISTRATION OF  
8 THE SENIOR PRESCRIPTION DRUG PROGRAM ESTABLISHED UNDER PART II OF THIS  
9 SUBTITLE.

10 (2) THE BOARD SHALL MAINTAIN SEPARATE ACCOUNTS WITHIN THE  
11 FUND FOR THE SENIOR PRESCRIPTION DRUG PROGRAM AND THE MARYLAND  
12 HEALTH INSURANCE PLAN.

13 (3) ACCOUNTS WITHIN THE FUND SHALL CONTAIN THOSE MONEYS  
14 THAT ARE INTENDED TO SUPPORT THE OPERATION OF THE PROGRAM FOR WHICH  
15 THE ACCOUNT IS DESIGNATED.

16 (E) A DEBT OR OBLIGATION OF THE PLAN IS NOT A DEBT OF THE STATE OR A  
17 PLEDGE OF CREDIT OF THE STATE.

18 14-505.

19 (A) (1) ~~THE MARYLAND HEALTH CARE COMMISSION BOARD~~ SHALL  
20 ESTABLISH A STANDARD BENEFIT PACKAGE TO BE OFFERED BY THE PLAN.

21 (2) ~~THE MARYLAND HEALTH CARE COMMISSION BOARD~~ MAY EXCLUDE  
22 FROM THE BENEFIT PACKAGE:

23 (I) A HEALTH CARE SERVICE, BENEFIT, COVERAGE, OR  
24 REIMBURSEMENT FOR COVERED HEALTH CARE SERVICES THAT IS REQUIRED  
25 UNDER THIS ARTICLE OR THE HEALTH - GENERAL ARTICLE TO BE PROVIDED OR  
26 OFFERED IN A HEALTH BENEFIT PLAN THAT IS ISSUED OR DELIVERED IN THE STATE  
27 BY A CARRIER; OR

28 (II) REIMBURSEMENT REQUIRED BY STATUTE, BY A HEALTH  
29 BENEFIT PLAN FOR A SERVICE WHEN THAT SERVICE IS PERFORMED BY A HEALTH  
30 CARE PROVIDER WHO IS LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE AND  
31 WHOSE SCOPE OF PRACTICE INCLUDES THAT SERVICE.

32 (B) (1) THE BOARD SHALL ESTABLISH A PREMIUM RATES RATE FOR THE  
33 PLAN COVERAGE SUBJECT TO REVIEW AND APPROVAL BY THE COMMISSIONER.

34 (2) THE PREMIUM RATE MAY VARY ONLY ON THE BASIS OF FAMILY  
35 COMPOSITION.

1 (C) (1) THE BOARD SHALL DETERMINE A STANDARD RISK RATE BY  
2 CONSIDERING THE PREMIUM RATES CHARGED BY CARRIERS IN THE STATE FOR  
3 COVERAGE COMPARABLE TO THAT OF THE PLAN.

4 (2) ~~(H)~~ THE PREMIUM ~~RATES~~ RATE FOR PLAN COVERAGE;

5 (I) MAY NOT BE LESS THAN 110% OF THE ~~RATES~~ STANDARD RISK  
6 RATE ESTABLISHED UNDER PARAGRAPH (1) OF THIS SUBSECTION; AND.

7 (II) ~~PLAN RATES SHALL~~ MAY NOT EXCEED 200% OF THE ~~RATES~~  
8 ~~ESTABLISHED UNDER PARAGRAPH (1) OF THIS SUBSECTION~~ STANDARD RISK RATE.

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

11 (D) LOSSES INCURRED BY THE PLAN SHALL BE SUBSIDIZED BY THE FUND.

12 14-506.

13 (A) (1) THE BOARD SHALL SELECT AN ADMINISTRATOR TO ADMINISTER THE  
14 PLAN.

15 (2) THE ADMINISTRATOR SHALL BE SELECTED BASED ON CRITERIA  
16 ADOPTED BY THE BOARD IN REGULATION, WHICH SHALL INCLUDE:

17 (I) THE ADMINISTRATOR'S PROVEN ABILITY TO PROVIDE HEALTH  
18 INSURANCE COVERAGE TO INDIVIDUALS;

19 (II) THE EFFICIENCY AND TIMELINESS OF THE ADMINISTRATOR'S  
20 CLAIM PROCESSING PROCEDURES;

21 (III) AN ESTIMATE OF TOTAL CHARGES FOR ADMINISTERING THE  
22 FUND;

23 (IV) THE ADMINISTRATOR'S PROVEN ABILITY TO APPLY EFFECTIVE  
24 COST CONTAINMENT PROGRAMS AND PROCEDURES; AND

25 (V) THE FINANCIAL CONDITION AND STABILITY OF THE  
26 ADMINISTRATOR.

27 (B) THE ADMINISTRATOR SHALL SERVE FOR A PERIOD OF TIME SPECIFIED IN  
28 ITS CONTRACT WITH THE PLAN SUBJECT TO REMOVAL FOR CAUSE AND ANY OTHER  
29 TERMS, CONDITIONS, AND LIMITATIONS CONTAINED IN THE CONTRACT.

30 (C) THE ADMINISTRATOR SHALL PERFORM FUNCTIONS RELATING TO THE  
31 PLAN AS REQUIRED BY THE BOARD, INCLUDING:

32 (1) DETERMINATION OF ELIGIBILITY;

33 (2) DATA COLLECTION;

- 1 (3) CASE MANAGEMENT;
- 2 (4) FINANCIAL TRACKING AND REPORTING;
- 3 (5) PAYMENT OF CLAIMS; AND
- 4 (6) PREMIUM BILLING.

5 (D) (1) EACH YEAR, THE PLAN ADMINISTRATOR SHALL SUBMIT TO THE  
6 COMMISSIONER AN ACCOUNTING OF MEDICAL CLAIMS INCURRED, ADMINISTRATIVE  
7 EXPENSES, AND PREMIUMS ~~PAID~~ COLLECTED.

8 (2) PLAN LOSSES SHALL BE CERTIFIED BY THE COMMISSIONER IN  
9 ACCORDANCE WITH PARAGRAPH (3) OF THIS SUBSECTION AND RETURNED TO THE  
10 ADMINISTRATOR BY THE BOARD.

11 ~~(3) THE COMMISSIONER SHALL DETERMINE PLAN LOSSES BY~~  
12 ~~CALCULATING THE DIFFERENCE BETWEEN THE AMOUNT OF MEDICAL CLAIMS~~  
13 ~~INCURRED AND 75% OF PREMIUMS COLLECTED.~~

14 (3) ADMINISTRATIVE EXPENSES AND FEES SHALL BE PAID AS PROVIDED  
15 IN THE ADMINISTRATOR'S CONTRACT WITH THE BOARD.

16 (E) (1) THE BOARD MAY CONTRACT WITH A QUALIFIED, INDEPENDENT  
17 THIRD PARTY FOR ANY SERVICE NECESSARY TO CARRY OUT THE POWERS AND  
18 DUTIES OF THE BOARD.

19 (2) UNLESS PERMISSION IS GRANTED SPECIFICALLY BY THE BOARD, A  
20 THIRD PARTY HIRED BY THE BOARD MAY NOT RELEASE, PUBLISH, OR OTHERWISE  
21 USE ANY INFORMATION TO WHICH THE THIRD PARTY HAD ACCESS UNDER ITS  
22 CONTRACT.

23 ~~(E)~~ (F) THE ADMINISTRATOR SHALL SUBMIT REGULAR REPORTS TO THE  
24 BOARD REGARDING THE OPERATION OF THE PLAN.

25 ~~(F)~~ (G) THE ADMINISTRATOR SHALL SUBMIT AN ANNUAL REPORT TO THE  
26 BOARD THAT INCLUDES:

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

30 14-507.

31 IT IS UNLAWFUL AND A VIOLATION OF THIS ARTICLE FOR A CARRIER,  
32 INSURANCE PRODUCER, OR THIRD PARTY ADMINISTRATOR TO REFER AN  
33 INDIVIDUAL EMPLOYEE TO THE PLAN, OR ARRANGE FOR AN INDIVIDUAL EMPLOYEE  
34 TO APPLY TO THE PLAN, FOR THE PURPOSE OF SEPARATING THAT EMPLOYEE FROM

1 THE GROUP HEALTH INSURANCE COVERAGE PROVIDED THROUGH THE EMPLOYEE'S  
2 EMPLOYER.

3 14-508. RESERVED.

4 14-509. RESERVED.

5 PART II. SENIOR PRESCRIPTION DRUG PROGRAM.

6 14-510.

7 (A) IN PART II OF THIS SUBTITLE THE FOLLOWING WORDS HAVE THE  
8 MEANINGS INDICATED.

9 (B) "ELIGIBLE INDIVIDUAL" MEANS AN INDIVIDUAL WHO:

10 (1) IS A RESIDENT OF MARYLAND;

11 (2) IS A MEDICARE BENEFICIARY;

12 (3) IS NOT ENROLLED IN A MEDICARE PLUS CHOICE MANAGED CARE  
13 PROGRAM OR OTHER INSURANCE PROGRAM THAT PROVIDES PRESCRIPTION DRUG  
14 BENEFITS AT THE TIME THAT THE INDIVIDUAL APPLIES FOR ENROLLMENT IN THE  
15 PLAN;

16 (4) HAS AN ANNUAL HOUSEHOLD INCOME AT OR BELOW 300% OF THE  
17 FEDERAL POVERTY GUIDELINES; AND

18 (5) PAYS THE PREMIUM AND COPAYMENTS FOR THE PLAN.

19 (C) "ENROLLEE" MEANS AN INDIVIDUAL ENROLLED IN THE PLAN.

20 (D) "PROGRAM" MEANS THE SENIOR PRESCRIPTION DRUG PROGRAM  
21 ESTABLISHED UNDER PART II OF THIS SUBTITLE.

22 14-511.

23 (A) THERE IS A SENIOR PRESCRIPTION DRUG PROGRAM.

24 (B) THE PURPOSE OF THE PROGRAM IS TO PROVIDE MEDICARE  
25 BENEFICIARIES, WHO LACK PRESCRIPTION DRUG COVERAGE, WITH ACCESS TO  
26 AFFORDABLE, MEDICALLY NECESSARY PRESCRIPTION DRUGS UNTIL SUCH TIME AS  
27 AN OUTPATIENT PRESCRIPTION DRUG BENEFIT IS PROVIDED THROUGH THE  
28 FEDERAL MEDICARE PROGRAM.

29 (C) THE PROGRAM SHALL BE ADMINISTERED BY A CARRIER AS PROVIDED  
30 UNDER § 14-106(E) OF THIS TITLE.

31 (D) THE CARRIER THAT ADMINISTERS THE PROGRAM SHALL:

1 (1) SUBMIT A DETAILED FINANCIAL ACCOUNTING OF THE PROGRAM TO  
2 THE BOARD AS OFTEN AS THE BOARD REQUIRES;

3 (2) COLLECT AND SUBMIT TO THE BOARD DATA REGARDING THE  
4 UTILIZATION PATTERNS AND COSTS FOR PROGRAM ENROLLEES; AND

5 (3) DEVELOP AND IMPLEMENT A MARKETING PLAN TARGETED AT  
6 ELIGIBLE INDIVIDUALS THROUGHOUT THE STATE.

7 14-512.

8 (A) THE PROGRAM SHALL:

9 (1) SUBJECT TO THE MONEYS AVAILABLE IN THE SEGREGATED  
10 ACCOUNT UNDER § 14-504 OF THIS SUBTITLE, PROVIDE BENEFITS TO ~~NOT MORE~~  
11 ~~THAN 30,000 ENROLLEES AT ANY ONE TIME~~ THE MAXIMUM NUMBER OF INDIVIDUALS  
12 ELIGIBLE FOR ENROLLMENT IN THE PROGRAM;

13 (2) REQUIRE A MONTHLY PREMIUM CHARGE OF \$10 PER ENROLLEE;

14 (3) NOT REQUIRE A DEDUCTIBLE; AND

15 (4) LIMIT THE COPAY CHARGED AN ENROLLEE TO:

16 (I) \$10 FOR A PRESCRIPTION FOR A GENERIC DRUG;

17 (II) \$20 FOR A PRESCRIPTION FOR A PREFERRED BRAND NAME  
18 DRUG; AND

19 (III) \$35 FOR A PRESCRIPTION FOR A NONPREFERRED BRAND NAME  
20 DRUG.

21 (B) THE BOARD MAY LIMIT THE TOTAL ANNUAL BENEFIT TO \$1,000 PER  
22 INDIVIDUAL.

23 (C) ~~(1) THE BOARD, BY REGULATION, SHALL ADOPT A PRESCRIPTION DRUG~~  
24 ~~FORMULARY FOR THE PROGRAM.~~

25 ~~(2) THE BOARD MAY EXCLUDE FROM THE PROGRAM'S FORMULARY ANY~~  
26 ~~EXPERIMENTAL DRUG THAT IS NOT APPROVED BY THE FEDERAL FOOD AND DRUG~~  
27 ~~ADMINISTRATION FOR GENERAL USE SUBJECT TO APPROVAL BY THE BOARD, THE~~  
28 ~~CARRIER THAT ADMINISTERS THE PROGRAM SHALL DEVELOP A PRESCRIPTION~~  
29 ~~DRUG FORMULARY TO BE USED IN THE PROGRAM.~~

30 14-513.

31 (A) PREMIUMS COLLECTED FOR THE PROGRAM SHALL BE DEPOSITED TO A  
32 SEGREGATED ACCOUNT IN THE FUND ESTABLISHED UNDER § 14-504 OF THIS  
33 SUBTITLE.

1 (B) IN ADDITION TO PREMIUM INCOME, THE SEGREGATED ACCOUNT SHALL  
2 INCLUDE:

3 (I) INTEREST AND INVESTMENT INCOME ATTRIBUTABLE TO  
4 PROGRAM FUNDS; AND

5 (II) MONEY DEPOSITED TO THE ACCOUNT BY THE CARRIER THAT  
6 ADMINISTERS THE PROGRAM IN ACCORDANCE WITH SUBSECTION (C) OF THIS  
7 SECTION.

8 (C) (1) ~~BY JUNE 30 OF EACH YEAR, ON OR BEFORE APRIL 1, 2003 AND~~  
9 QUARTERLY THEREAFTER, THE PROGRAM ADMINISTRATOR SHALL DEPOSIT TO THE  
10 FUND UNDER § 14-504 OF THIS SUBTITLE:

11 (I) PREMIUMS COLLECTED; AND

12 (II) THE AMOUNT, IN EXCESS OF PREMIUMS COLLECTED, THAT IS  
13 NECESSARY TO OPERATE AND ADMINISTER THE PROGRAM FOR THE ~~NEXT 12~~  
14 MONTHS FOLLOWING QUARTER.

15 (2) THE AMOUNT DEPOSITED SHALL BE DETERMINED BY THE BOARD  
16 BASED ON ENROLLMENT, EXPENDITURES, AND REVENUE FOR THE PREVIOUS YEAR.

17 (3) THE AMOUNT REQUIRED BY THE BOARD UNDER PARAGRAPH (2) OF  
18 THIS SUBSECTION MAY NOT EXCEED THE VALUE OF THE PROGRAM  
19 ADMINISTRATOR'S ANNUAL PREMIUM TAX EXEMPTION UNDER § 6-101(B) OF THIS  
20 ARTICLE.

21 (4) BEGINNING JULY 1 OF EACH YEAR AND QUARTERLY THEREAFTER,  
22 THE BOARD SHALL REIMBURSE THE ADMINISTRATOR FOR PRESCRIPTION DRUG  
23 CLAIMS AND ADMINISTRATIVE EXPENSES INCURRED ON BEHALF OF THE PROGRAM.

24 (5) ANY REBATES OR OTHER DISCOUNTS OBTAINED BY THE PROGRAM  
25 ADMINISTRATOR AS A RESULT OF PRESCRIPTION DRUG PURCHASES ON BEHALF OF  
26 PROGRAM ENROLLEES FROM A PHARMACEUTICAL BENEFIT MANAGER OR  
27 PHARMACEUTICAL MANUFACTURER SHALL INURE TO THE BENEFIT OF THE  
28 PROGRAM AND BE DEPOSITED TO THE FUND.

29 14-514.

30 (A) ON OR BEFORE JUNE 30 OF EACH YEAR, THE BOARD SHALL SUBMIT A  
31 REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE  
32 GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY THAT INCLUDES A SUMMARY  
33 OF PROGRAM ACTIVITIES FOR THE YEAR AND ANY RECOMMENDATIONS FOR  
34 CONSIDERATION BY THE GENERAL ASSEMBLY.

35 (B) THE BOARD SHALL ADOPT REGULATIONS TO CARRY OUT PART II OF THIS  
36 SUBTITLE.

1 14-515.

2 (A) FOR THE PURPOSE OF MAXIMIZING PARTICIPATION IN THE PROGRAM,  
3 THE BOARD MAY DEVELOP OUTREACH MATERIALS FOR DISTRIBUTION TO ELIGIBLE  
4 INDIVIDUALS.

5 (B) THE BOARD SHALL PUBLICIZE THE EXISTENCE AND ELIGIBILITY  
6 REQUIREMENTS OF THE PROGRAM THROUGH THE FOLLOWING ENTITIES:

- 7 (1) THE DEPARTMENT OF AGING;
- 8 (2) LOCAL HEALTH DEPARTMENTS;
- 9 (3) CONTINUING CARE RETIREMENT COMMUNITIES;
- 10 (4) PLACES OF WORSHIP;
- 11 (5) CIVIC ORGANIZATIONS;
- 12 (6) COMMUNITY PHARMACIES; AND
- 13 (7) ANY OTHER ENTITY THAT THE BOARD DETERMINES APPROPRIATE.

14 (C) THE DEPARTMENT OF AGING, THROUGH ITS SENIOR HEALTH INSURANCE  
15 PROGRAM, SHALL:

16 (1) ASSIST ELIGIBLE INDIVIDUALS IN APPLYING FOR COVERAGE UNDER  
17 THE PROGRAM; AND

18 (2) PROVIDE NOTICE OF THE PROGRAM AND ITS ELIGIBILITY  
19 REQUIREMENTS TO POTENTIALLY ELIGIBLE INDIVIDUALS WHO SEEK HEALTH  
20 INSURANCE COUNSELING SERVICES THROUGH THE DEPARTMENT OF AGING.

21 (D) THE BOARD SHALL DEVELOP A MAIL-IN APPLICATION FOR THE PROGRAM.

22 (E) ANY OUTREACH PERFORMED BY THE BOARD ON BEHALF OF THE  
23 PROGRAM SHALL BE FUNDED THROUGH THE PROGRAM'S SEGREGATED ACCOUNT  
24 WITHIN THE FUND.

25 **Article - State Finance and Procurement**

26 11-203.

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

- 29 (1) procurement by:
  - 30 (i) the Blind Industries and Services of Maryland;
  - 31 (ii) the Maryland State Arts Council, for the support of the arts;



- 1 (iii) the Maryland Health and Higher Educational Facilities  
2 Authority, if no State money is to be spent on a procurement contract;
- 3 (iv) the Maryland Higher Education Supplemental Loan Authority,  
4 if no State money is to be spent on a procurement contract;
- 5 (v) the Maryland Industrial Training Program or the Partnership  
6 for Workforce Quality Program in the Department of Business and Economic  
7 Development, for training services or programs for new or expanding businesses or  
8 industries or businesses or industries in transition;
- 9 (vi) the Maryland Food Center Authority, to the extent the  
10 Authority is exempt under Title 13, Subtitle 1 of Article 41 of the Code;
- 11 (vii) the Maryland Public Broadcasting Commission, for services of  
12 artists for educational and cultural television productions;
- 13 (viii) public institutions of higher education, for cultural,  
14 entertainment, and intercollegiate athletic procurement contracts;
- 15 (ix) the Maryland State Planning Council on Developmental  
16 Disabilities, for services to support demonstration, pilot, and training programs;
- 17 (x) the Maryland Automobile Insurance Fund;
- 18 (xi) the Maryland Historical Trust for:
- 19 1. surveying and evaluating architecturally, archeologically,  
20 historically, or culturally significant properties; and
- 21 2. other than as to architectural services, preparing historic  
22 preservation planning documents and educational material;
- 23 (xii) the University of Maryland, for University College Overseas  
24 Programs, if the University adopts regulations that:
- 25 1. establish policies and procedures governing procurement  
26 for University College Overseas Programs; and
- 27 2. promote the purposes stated in § 11-201(a) of this subtitle;
- 28 (xiii) St. Mary's College of Maryland;
- 29 (xiv) the Department of Business and Economic Development, for  
30 negotiating and entering into private sector cooperative marketing projects that  
31 directly enhance promotion of Maryland and the tourism industry where there will be  
32 a private sector contribution to the project if not less than 50% of the total cost of the  
33 project, if the project is reviewed by the Attorney General and approved by the  
34 Secretary of Business and Economic Development or the Secretary's designee;
- 35 (xv) the Forvm for Rural Maryland; [and]

1 (xvi) the Maryland State Lottery Agency, for negotiating and  
 2 entering into private sector cooperative marketing projects that directly enhance  
 3 promotion of the Maryland State Lottery and its products, if the cooperative  
 4 marketing project:

5 1. provides a substantive promotional or marketing value  
 6 that the lottery determines acceptable in exchange for advertising or other  
 7 promotional activities provided by the lottery;

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

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

12 (XVII) THE MARYLAND HEALTH INSURANCE PLAN ESTABLISHED  
 13 UNDER TITLE 14, SUBTITLE 5 OF THE INSURANCE ARTICLE.

14 **Chapter 565 of the Acts of 2000, as amended by Chapters 134 and 135 of the**  
 15 **Acts of 2001**

16 [SECTION 2. AND BE IT FURTHER ENACTED, That the Health Services  
 17 Cost Review Commission may not take steps to eliminate or adjust the differential in  
 18 hospital rates provided to carriers that provide a substantial, available, and  
 19 affordable product in the nongroup market, under § 15-606 of the Insurance Article  
 20 and the regulations of the Commission, as those rates were in effect on January 1,  
 21 2000 until the later of the termination of the Short-Term Prescription Drug Subsidy  
 22 Plan created under Title 15, Subtitle 6 of the Health - General Article or the end of  
 23 June 30, 2003.]

24 **Chapter 134 of the Acts of 2001**

25 SECTION 12. AND BE IT FURTHER ENACTED, That [Sections 3 and 4]  
 26 SECTION 3 of this Act shall take effect July 1, 2001. On ~~the earlier of the end of June~~  
 27 30, 2003], or the availability of comparable prescription drug benefits provided by  
 28 Medicare under Title XVIII of the Social Security Act, as amended], with no further  
 29 action required by the General Assembly, [Sections 3 and 4] SECTION 3 of this Act  
 30 shall be abrogated and of no further force and effect. [If comparable prescription drug  
 31 benefits are provided by Medicare under Title XVIII of the Social Security Act, the  
 32 Secretary of Health and Mental Hygiene shall notify the Department of Legislative  
 33 Services, 90 State Circle, Annapolis, Maryland 21401 not later than 90 days before  
 34 prescription drug benefits are to be provided.]

35 **Chapter 135 of the Acts of 2001**

36 SECTION 12. AND BE IT FURTHER ENACTED, That [Sections 3 and 4]  
 37 SECTION 3 of this Act shall take effect July 1, 2001. On ~~the earlier of the end of June~~  
 38 30, 2003], or the availability of comparable prescription drug benefits provided by  
 39 Medicare under Title XVIII of the Social Security Act, as amended], with no further

1 action required by the General Assembly, [Sections 3 and 4] SECTION 3 of this Act  
 2 shall be abrogated and of no further force and effect. [If comparable prescription drug  
 3 benefits are provided by Medicare under Title XVIII of the Social Security Act, the  
 4 Secretary of Health and Mental Hygiene shall notify the Department of Legislative  
 5 Services, 90 State Circle, Annapolis, Maryland 21401 not later than 90 days before  
 6 prescription drug benefits are to be provided.]

7 ~~SECTION 6. AND BE IT FURTHER ENACTED, That the terms of the initial~~  
 8 ~~members of the Board of the Maryland Health Insurance Plan shall expire as follows:~~

9 ~~(1) 3 members in 2006;~~

10 ~~(2) 3 members in 2007; and~~

11 ~~(3) 3 member in 2008.~~

12 ~~SECTION 7. AND BE IT FURTHER ENACTED, That, no later than October~~  
 13 ~~1, 2002, the Maryland Insurance Administration shall notify the Centers for Medicare~~  
 14 ~~and Medicaid Services (CMS) that the State has established the Maryland Health~~  
 15 ~~Insurance Plan and request that it be approved as an acceptable "alternative~~  
 16 ~~mechanism" under the federal Health Insurance Portability and Accountability Act~~  
 17 ~~(HIPAA) in accordance with 45 CFR 148.128(e).~~

18 ~~SECTION 8. AND BE IT FURTHER ENACTED, That on July 1, 2003 2002, the~~  
 19 ~~trustee of the Maryland Health Care Trust, established by Chapter 701 of the Acts of~~  
 20 ~~2001, shall transfer all funds *belonging to the Trust, but not to exceed \$471,728, from*~~  
 21 ~~the Trust to the Maryland Health Insurance Plan Fund established under Title 14,~~  
 22 ~~Subtitle 5 of the Insurance Article to be used for administrative and other start-up~~  
 23 ~~costs associated with the Maryland Health Insurance Plan.~~

24 ~~SECTION 8. 9. AND BE IT FURTHER ENACTED, That any carrier, that on~~  
 25 ~~January 1, 2002, offered or had in place a plan for substantial, available, and~~  
 26 ~~affordable coverage provided in accordance with § 15-606 of the Insurance Article,~~  
 27 ~~shall:~~

28 ~~(1) continue to provide that coverage, at a premium rate and benefit level~~  
 29 ~~approved by the Insurance Commissioner, through July 1, 2003 to any individual~~  
 30 ~~enrolled in the plan on or after January 1, 2002, at the option of the enrollee; and~~

31 ~~(2) no later than May 1, 2003, provide notice, as approved by the Insurance~~  
 32 ~~Commissioner, to each enrollee in the substantial, available, and affordable coverage~~  
 33 ~~plan of the enrollee's eligibility for coverage under the Maryland Health Insurance~~  
 34 ~~Plan.~~

35 ~~SECTION 10. AND BE IT FURTHER ENACTED, That:~~

36 ~~(1) The Health Services Cost Review Commission shall approve the~~  
 37 ~~substantial, available, and affordable coverage (SAAC) purchaser differential through~~  
 38 ~~March 31, 2003 for each carrier participating in the SAAC program, as long as the~~  
 39 ~~carrier complies with the laws and regulations governing the SAAC program.~~

1       (2)     For the final quarter of fiscal year 2003, the Health Services Cost Review  
2 Commission:

3             (i)     may not allow any carrier to receive a SAAC purchaser differential;

4             (ii)    may not adjust hospital rates to reflect the elimination of any SAAC  
5 purchaser differential;

6             (iii)   shall collect from each hospital for which rates are established by the  
7 Commission an amount equal to the value of the SAAC purchaser differential and  
8 deposit that money, minus the losses and fees paid to SAAC carriers for the quarter,  
9 into the Maryland Health Insurance Plan Fund;

10            (iv)    shall establish a methodology for reimbursing each carrier for losses  
11 incurred within the quarter that are attributable to SAAC enrollees; and

12            (v)     shall reimburse each carrier for losses incurred within the quarter  
13 and pay each carrier an administration fee equal to 20% of premiums collected for the  
14 quarter.

15       (3)     For calendar year 2002:

16            (i)     a carrier that participates in the SAAC program through a health  
17 maintenance organization product may not be required to hold an open enrollment  
18 period for eligible individuals; and

19            (ii)    a carrier that participates in the SAAC program through a preferred  
20 provider organization product shall hold one 30-day open enrollment period for  
21 eligible individuals in June 2002 and one 30-day open enrollment period for eligible  
22 individuals in December 2002.

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

24       (1)     On July 1, 2003, the Health Services Cost Review Commission and the  
25 Maryland Insurance Administration shall terminate the substantial, available, and  
26 affordable coverage (SAAC) purchaser differential program for nonprofit health  
27 service plans, health insurers, and health maintenance organizations.

28       (2)     Notwithstanding § 15-1309 of the Insurance Article, for each SAAC policy  
29 in effect on and after March 31, 2003, the renewal date shall be July 1, 2003. On July  
30 1, 2003, each SAAC policy shall be renewed as a policy under the Maryland Health  
31 Insurance Plan established under this Act.

32       SECTION 12. AND BE IT FURTHER ENACTED, That if the State loses its  
33 Medicare Waiver under § 1814(b) of the federal Social Security Act:

34       (1)     the hospital rate funding mechanism for the Maryland Health Insurance  
35 Plan specified under § 19-219 of the Health - General Article shall terminate at the  
36 end of the Plan year during which the State loses the waiver; and

1       (2)       the Board for the Maryland Health Insurance Plan shall make  
2 recommendations to the General Assembly as soon as practicable regarding the  
3 adoption of a new funding mechanism for the Plan.

4       SECTION ~~9.~~ 13. AND BE IT FURTHER ENACTED, That:

5       (1)       No later than June 1, 2003, the Secretary of Health and Mental Hygiene  
6 and the carrier that is required to offer the Short-Term Prescription Drug Subsidy  
7 Plan under Title 15, Subtitle 6 of the Health - General Article shall transfer all Plan  
8 records, data, and other information necessary to operate and administer the Senior  
9 Prescription Drug Program established under this Act to the Board of the Maryland  
10 Health Insurance Plan ~~and, if directed by the Board, to an administrator that has~~  
11 ~~contracted to administer the Program.~~

12       (2)       Each individual enrolled in the Short-Term Prescription Drug Subsidy  
13 Plan, established under Title 15, Subtitle 6 of the Health - General Article, on June  
14 30, 2003 shall, at the option of the enrollee and subject to the payment of all necessary  
15 premiums and copayments, be automatically enrolled in the Senior Prescription Drug  
16 Program established under this Act.

17       (3)       It is the intent of the General Assembly that the transition of enrollees  
18 from the Short-Term Prescription Drug Subsidy Plan to the Senior Prescription Drug  
19 Program be accomplished without interruption of benefits for enrollees.

20       (4)       Benefits shall be offered to enrollees through the Senior Prescription Drug  
21 Program established under Title 14, Subtitle 5, Part II of the Insurance Article  
22 beginning July 1, 2003. On the earlier of the end of June 30, 2005, or the availability  
23 of comparable prescription drug benefits provided by Medicare under Title XVIII of  
24 the Social Security Act, as amended, with no further action required by the General  
25 Assembly, the Senior Prescription Drug Program established under Title 14, Subtitle  
26 5, Part II, as amended, shall be abrogated and of no further force and effect. If  
27 comparable prescription drug benefits are provided by Medicare under Title XVIII of  
28 the Social Security Act, the Secretary of Health and Mental Hygiene shall notify the  
29 Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401 no  
30 later than 90 days before the prescription drug benefits are to be provided.

31       (5)       Beginning April 1, 2003, the carrier required to offer the Short-Term  
32 Prescription Drug Subsidy Plan under Title 15, Subtitle 6 of the Health - General  
33 Article and the Senior Prescription Drug Program under Title 14, Subtitle 5 of the  
34 Insurance Article shall subsidize the Plan and beginning July 1, 2003, the Program,  
35 using the value of the carrier's premium tax exemption.

36       SECTION ~~10.~~ 14. AND BE IT FURTHER ENACTED, That the Board of the  
37 Maryland Health Insurance Plan shall begin enrolling individuals in the Plan and in  
38 the Senior Prescription Drug Program no later than July 1, 2003.

39       SECTION ~~11.~~ 15. AND BE IT FURTHER ENACTED, That Sections 1 ~~through~~  
40 4, 2, 3, 5, and 6 of this Act shall take effect July 1, 2003.

1     SECTION 16. AND BE IT FURTHER ENACTED, That Section 4 of this Act  
2 shall take effect January 1, 2003.

3     ~~SECTION 17.~~ SECTION 17. AND BE IT FURTHER ENACTED, That, except as provided  
4 in ~~Section 14~~ Sections 15 and 16 of this Act, this Act shall take effect July 1, 2002.