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By: **Delegates Taylor and Busch**

Introduced and read first time: February 8, 2002

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Health Insurance Plan and Senior Prescription Drug Program**

3 FOR the purpose of establishing a certain health insurance plan to provide  
4 comprehensive health benefits to certain individuals with preexisting medical  
5 conditions; establishing a board of directors for the plan; specifying certain  
6 duties and responsibilities of the Board; granting the Board certain regulatory  
7 authority; specifying the purpose of the plan; establishing a fund; specifying the  
8 contents of the fund; specifying the uses of the fund; specifying the terms of the  
9 initial members of the Board; requiring the Board to adopt certain regulations;  
10 requiring the Board to establish certain premium rates using a certain process;  
11 requiring the Maryland Health Care Commission to establish a certain benefit  
12 package; exempting the plan from a certain premium tax; limiting certain  
13 premium rates; providing that certain losses shall be subsidized in a certain  
14 manner; providing for the reimbursement and calculation of losses in a certain  
15 manner; requiring the Board to take certain steps to limit enrollment in the plan  
16 based on a certain financial capacity; requiring the Board to contract with an  
17 administrator for the plan and the program; requiring the administrator to  
18 provide certain reports; specifying that certain actions are unlawful; requiring  
19 the Board to begin enrolling certain individuals in the plan and the program by  
20 a certain date; exempting the plan from the application of certain provisions of  
21 law; repealing a certain prescription drug subsidy plan; establishing a program  
22 to provide certain prescription drugs benefits to certain individuals; specifying  
23 the purpose of the program; requiring a certain person to administer the  
24 program; establishing a board of directors for the program; requiring a certain  
25 administrator to submit certain reports and data to the Board; requiring a  
26 certain carrier to deposit certain money to a certain fund at a certain time;  
27 restricting enrollment in the program subject to the availability of certain funds;  
28 specifying certain cost-sharing requirements for the program; authorizing the  
29 Board to limit a certain benefit; requiring the Board to adopt a certain  
30 formulary; requiring that certain money be deposited in a certain account;  
31 specifying the contents of the account; requiring the Board to submit a certain  
32 report; authorizing the Board to develop certain outreach materials and to  
33 publicize the program in a certain manner; requiring the Department of Aging  
34 to perform certain functions on behalf of the program; requiring the Board to  
35 develop a certain application; providing for the funding of certain outreach

1 services; repealing a provision prohibiting the Insurance Commissioner from  
2 considering a certain activity when making a certain determination; requiring  
3 the Health Services Cost Review Commission to levy a certain assessment on  
4 certain hospitals; authorizing the Commission, in consultation with the Board,  
5 to redetermine a certain assessment under certain circumstances; requiring the  
6 Commission to adjust certain hospital rates for a certain purpose; prohibiting  
7 the Commission from considering a certain assessment when making a certain  
8 determination; repealing a certain responsibility of the Maryland Health Care  
9 Commission; altering certain exceptions to a prohibition on certain carriers  
10 cancelling or refusing to renew a certain individual health benefit plan;  
11 repealing certain provisions relating to the affordability and availability of  
12 certain individual health benefit plans; requiring the Maryland Insurance  
13 Administration to submit a certain notice to the federal government by a certain  
14 date; requiring certain insurance carriers to continue covering certain  
15 individuals under a certain program for a certain period of time; terminating a  
16 certain substantial, available, and affordable coverage program; requiring the  
17 Secretary of Health and Mental Hygiene and a certain insurance carrier to  
18 transfer certain records, data, and other information to the Board and at the  
19 option of the Board, a certain administrator; requiring certain enrollees to be  
20 automatically enrolled in the Senior Prescription Drug Program under certain  
21 circumstances; specifying a certain intent of the General Assembly; providing for  
22 the termination of the Senior Prescription Drug Program under certain  
23 circumstances; providing for the termination of the program on a certain date;  
24 requiring the Secretary to provide certain notice to the Department of  
25 Legislative Services within a certain time frame; repealing a certain provision of  
26 law prohibiting a certain commission from eliminating or adjusting a certain  
27 differential; repealing certain termination provisions; defining certain terms;  
28 providing for a delayed effective date for certain provisions of this Act; and  
29 generally relating to health benefits for medically uninsurable and  
30 underinsured individuals.

31 BY repealing

32 Article - Insurance

33 Section 15-606, 15-606.1, 15-1301(b), (n), (p), (q), (r), and (t), 15-1304 through  
34 15-1307, inclusive, 15-1308(a), (b), (c), (d), and (g), and 15-1312

35 Annotated Code of Maryland

36 (1997 Volume and 2001 Supplement)

37 BY repealing

38 Article - Health - General

39 Section 15-601 through 15-606, inclusive, and the subtitle "Subtitle 6.

40 Short-Term Prescription Drug Subsidy Plan"

41 Annotated Code of Maryland

42 (2000 Replacement Volume and 2001 Supplement)

43 BY renumbering

44 Article - Insurance

1 Section 15-1301(c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (o), and (s), 15-1308(e)  
2 and (f), and 15-1309 through 15-1311, respectively  
3 to be Section 15-1301(b) through (n), 15-1304(a) and (b), and 15-1305 through  
4 15-1307, respectively  
5 Annotated Code of Maryland  
6 (1997 Volume and 2001 Supplement)

7 BY repealing and reenacting, with amendments,  
8 Article - Health - General  
9 Section 19-103(c)  
10 Annotated Code of Maryland  
11 (2000 Replacement Volume and 2001 Supplement)

12 BY adding to  
13 Article - Health - General  
14 Section 19-219(d) and (e)  
15 Annotated Code of Maryland  
16 (2000 Replacement Volume and 2001 Supplement)

17 BY repealing and reenacting, with amendments,  
18 Article - Insurance  
19 Section 6-101(b) and 14-106  
20 Annotated Code of Maryland  
21 (1997 Volume and 2001 Supplement)

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

28 BY adding to  
29 Article - Insurance  
30 Section 14-501 through 14-515, inclusive, to be under the new subtitle "Subtitle  
31 5. Programs for Medically Uninsurable and Underinsured Individuals"  
32 Annotated Code of Maryland  
33 (1997 Volume and 2001 Supplement)

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

1 (2001 Replacement Volume)

2 BY repealing

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

6 BY repealing and reenacting, with amendments,

7 Chapter 134 of the Acts of the General Assembly of 2001  
8 Section 12

9 BY repealing and reenacting, with amendments,

10 Chapter 135 of the Acts of the General Assembly of 2001  
11 Section 12

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That Section(s) 15-606, 15-606.1, 15-1301(b), (n), (p), (q), (r), and (t),  
14 15-1304 through 15-1307, inclusive, 15-1308(a), (b), (c), (d), and (g), and 15-1312 of  
15 Article - Insurance of the Annotated Code of Maryland be 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(c),  
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. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
26 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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 [(13)] (12) Promote the availability of information to consumers on charges  
34 by practitioners and reimbursements from payors.

1 19-219.

2 (D) (1) (I) SUBJECT TO PARAGRAPH (II) 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 (E) (1) THE COMMISSION SHALL ADJUST HOSPITAL RATES TO TAKE INTO  
18 ACCOUNT THE ASSESSMENT REQUIRED UNDER SUBSECTION (D) OF THIS SECTION.

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

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

22 (II) HOSPITAL FINANCIAL PERFORMANCE.

23 **Article - Insurance**

24 14-106.

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

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

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

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

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

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

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

11          (2)       served the public interest by any method or practice approved by the  
12 Commissioner.

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

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

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

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

26 15-1305.

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

29           (1)       for nonpayment of the required premiums;

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

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

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

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

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

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

12 **Article - Insurance**

13 6-101.

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

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

17 (2) a fraternal benefit society;

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

20 (4) a surplus lines broker, who is subject to taxation in accordance with  
21 Title 3, Subtitle 3 of this article;

22 (5) an unauthorized insurer, who is subject to taxation in accordance  
23 with Title 4, Subtitle 2 of this article; or

24 (6) [the Short-Term Prescription Drug Subsidy Plan created under Title  
25 15, Subtitle 6 of the Health - General Article] THE MARYLAND HEALTH INSURANCE  
26 PLAN ESTABLISHED UNDER TITLE 14, SUBTITLE 5, PART I OF THIS ARTICLE; OR

27 (7) THE SENIOR PRESCRIPTION DRUG PROGRAM ESTABLISHED UNDER  
28 TITLE 14, SUBTITLE 5, PART II OF THIS ARTICLE.

29 SUBTITLE 5. PROGRAMS FOR MEDICALLY UNINSURABLE AND UNDERINSURED  
30 INDIVIDUALS.

31 PART I. MARYLAND HEALTH INSURANCE PLAN.

32 14-501.

33 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
34 INDICATED.



1 (B) "ADMINISTRATOR" MEANS:

2 (1) A PERSON THAT IS REGISTERED AS AN ADMINISTRATOR UNDER  
3 TITLE 8, SUBTITLE 3 OF THIS ARTICLE; OR

4 (2) A CARRIER AS DEFINED UNDER SUBSECTION (D) OF THIS SECTION.

5 (C) "BOARD" MEANS THE BOARD OF DIRECTORS FOR THE MARYLAND HEALTH  
6 INSURANCE PLAN.

7 (D) "CARRIER" MEANS:

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

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

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

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

15 (F) "MEDICALLY UNINSURABLE INDIVIDUAL" MEANS AN INDIVIDUAL WHO IS  
16 A RESIDENT OF THE STATE AND WHO:

17 (1) PROVIDES EVIDENCE TO THE BOARD THAT, FOR HEALTH REASONS, A  
18 CARRIER HAS REFUSED TO ISSUE SUBSTANTIALLY SIMILAR COVERAGE TO THE  
19 INDIVIDUAL;

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

23 (3) SATISFIES THE DEFINITION OF "ELIGIBLE INDIVIDUAL" UNDER §  
24 15-1301 OF THIS ARTICLE;

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

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

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.

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

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

12 14-503.

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

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

16 (C) THE BOARD CONSISTS OF NINE MEMBERS, OF WHOM;

17 (1) ONE SHALL BE THE COMMISSIONER;

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

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

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

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

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

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

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

1 (III) ONE SHALL BE KNOWLEDGEABLE ABOUT THE HOSPITAL AND  
2 HEALTH CARE DELIVERY SYSTEM IN THE STATE; AND

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

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

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

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

13 (1) THE TERM OF A MEMBER IS 4 YEARS.

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

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

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

21 (F) EACH MEMBER OF THE BOARD IS ENTITLED TO REIMBURSEMENT FOR  
22 EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN  
23 THE STATE BUDGET.

24 (G) (1) THE BOARD SHALL APPOINT AN EXECUTIVE DIRECTOR WHO SHALL  
25 BE THE CHIEF ADMINISTRATIVE OFFICER OF THE PLAN.

26 (2) THE EXECUTIVE DIRECTOR SHALL SERVE AT THE PLEASURE OF THE  
27 BOARD.

28 (3) THE BOARD SHALL DETERMINE THE APPROPRIATE COMPENSATION  
29 FOR THE EXECUTIVE DIRECTOR.

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

33 (H) THE BOARD IS NOT SUBJECT TO:

34 (1) THE PROVISIONS OF THE STATE FINANCE AND PROCUREMENT  
35 ARTICLE;

1 (2) THE PROVISIONS OF DIVISION I OF THE STATE PERSONNEL AND  
2 PENSIONS ARTICLE THAT GOVERN THE STATE PERSONNEL MANAGEMENT SYSTEM;  
3 OR

4 (3) THE PROVISIONS OF DIVISIONS II AND III OF THE STATE PERSONNEL  
5 AND PENSIONS ARTICLE.

6 (I) (1) THE BOARD SHALL ADOPT A PLAN OF OPERATION FOR THE PLAN.

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

9 (J) (1) THE BOARD SHALL ADOPT REGULATIONS NECESSARY TO OPERATE  
10 AND ADMINISTER THE PLAN.

11 (2) REGULATIONS ADOPTED BY THE BOARD SHALL INCLUDE:

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

14 (II) PREEXISTING CONDITION LIMITATIONS FOR PLAN ENROLLEES  
15 WHO ARE NOT CONSIDERED ELIGIBLE INDIVIDUALS UNDER § 15-1301 OF THIS  
16 ARTICLE; AND

17 (III) ANY OTHER PLAN REQUIREMENTS AS DETERMINED BY THE  
18 BOARD.

19 14-504.

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

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

23 (3) THE TREASURER SHALL SEPARATELY HOLD AND THE COMPTROLLER  
24 SHALL ACCOUNT FOR THE FUND.

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

28 (5) ANY INVESTMENT EARNINGS SHALL BE RETAINED TO THE CREDIT  
29 OF THE FUND.

30 (6) THE FUND SHALL BE SUBJECT TO AUDIT BY THE COMMISSIONER AT  
31 LEAST ONCE EVERY 3 YEARS.

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

34 (B) THE FUND SHALL CONSIST OF:

- 1 (1) PREMIUMS FOR COVERAGE THAT THE PLAN ISSUES;
- 2 (2) PREMIUMS PAID BY ENROLLEES OF THE SENIOR PRESCRIPTION  
3 DRUG PROGRAM;
- 4 (3) A 1% ASSESSMENT ON THE GROSS ANNUAL REVENUE OF EACH  
5 ACUTE CARE HOSPITAL IN THE STATE IN ACCORDANCE WITH § 19-219 OF THE  
6 HEALTH - GENERAL ARTICLE;
- 7 (4) MONEY DEPOSITED BY A CARRIER IN ACCORDANCE WITH § 14-514 OF  
8 THIS SUBTITLE;
- 9 (5) INCOME FROM INVESTMENTS THAT THE BOARD MAKES OR  
10 AUTHORIZES ON BEHALF OF THE FUND;
- 11 (6) INTEREST ON DEPOSITS OR INVESTMENTS OF MONEY FROM THE  
12 FUND; AND
- 13 (7) MONEY COLLECTED BY THE BOARD AS A RESULT OF LEGAL OR  
14 OTHER ACTIONS TAKEN BY THE BOARD ON BEHALF OF THE FUND.
- 15 (C) THE BOARD SHALL TAKE STEPS NECESSARY TO ENSURE THAT PLAN  
16 ENROLLMENT DOES NOT EXCEED THE NUMBER OF ENROLLEES THE PLAN HAS THE  
17 FINANCIAL CAPACITY TO INSURE.
- 18 (D) (1) IN ADDITION TO THE OPERATION AND ADMINISTRATION OF THE  
19 PLAN, THE FUND SHALL BE USED FOR THE OPERATION AND ADMINISTRATION OF  
20 THE SENIOR PRESCRIPTION DRUG PROGRAM ESTABLISHED UNDER PART II OF THIS  
21 SUBTITLE.
- 22 (2) THE BOARD SHALL MAINTAIN SEPARATE ACCOUNTS WITHIN THE  
23 FUND FOR THE SENIOR PRESCRIPTION DRUG PROGRAM AND THE MARYLAND  
24 HEALTH INSURANCE PLAN.
- 25 (3) ACCOUNTS WITHIN THE FUND SHALL CONTAIN THOSE MONEYS  
26 THAT ARE INTENDED TO SUPPORT THE OPERATION OF THE PROGRAM FOR WHICH  
27 THE ACCOUNT IS DESIGNATED.
- 28 14-505.
- 29 (A) (1) THE MARYLAND HEALTH CARE COMMISSION SHALL ESTABLISH A  
30 STANDARD BENEFIT PACKAGE TO BE OFFERED BY THE PLAN.
- 31 (2) THE MARYLAND HEALTH CARE COMMISSION MAY EXCLUDE FROM  
32 THE BENEFIT PACKAGE:
- 33 (I) A HEALTH CARE SERVICE, BENEFIT, COVERAGE, OR  
34 REIMBURSEMENT FOR COVERED HEALTH CARE SERVICES THAT IS REQUIRED  
35 UNDER THIS ARTICLE OR THE HEALTH - GENERAL ARTICLE TO BE PROVIDED OR

1 OFFERED IN A HEALTH BENEFIT PLAN THAT IS ISSUED OR DELIVERED IN THE STATE  
2 BY A CARRIER; OR

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

7 (B) THE BOARD SHALL ESTABLISH PREMIUM RATES FOR THE PLAN  
8 COVERAGE SUBJECT TO REVIEW AND APPROVAL BY THE COMMISSIONER.

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

12 (2) (I) THE PREMIUM RATES FOR PLAN COVERAGE MAY NOT BE LESS  
13 THAN 110% OF THE RATES ESTABLISHED UNDER PARAGRAPH (1) OF THIS  
14 SUBSECTION.

15 (II) PLAN RATES SHALL NOT EXCEED 200% OF THE RATES  
16 ESTABLISHED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

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

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

20 14-506.

21 (A) (1) THE BOARD SHALL SELECT AN ADMINISTRATOR TO ADMINISTER THE  
22 PLAN.

23 (2) THE ADMINISTRATOR SHALL BE SELECTED BASED ON CRITERIA  
24 ADOPTED BY THE BOARD IN REGULATION.

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

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

30 (1) DETERMINATION OF ELIGIBILITY;

31 (2) DATA COLLECTION;

32 (3) CASE MANAGEMENT;

33 (4) FINANCIAL TRACKING AND REPORTING;

34 (5) PAYMENT OF CLAIMS; AND

1 (6) PREMIUM BILLING.

2 (D) (1) EACH YEAR, THE PLAN ADMINISTRATOR SHALL SUBMIT TO THE  
3 COMMISSIONER AN ACCOUNTING OF MEDICAL CLAIMS INCURRED AND PREMIUMS  
4 PAID.

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

8 (3) THE COMMISSIONER SHALL DETERMINE PLAN LOSSES BY  
9 CALCULATING THE DIFFERENCE BETWEEN THE AMOUNT OF MEDICAL CLAIMS  
10 INCURRED AND 75% OF PREMIUMS COLLECTED.

11 (E) THE ADMINISTRATOR SHALL SUBMIT REGULAR REPORTS TO THE BOARD  
12 REGARDING THE OPERATION OF THE PLAN.

13 (F) THE ADMINISTRATOR SHALL SUBMIT AN ANNUAL REPORT TO THE BOARD  
14 THAT INCLUDES:

15 (1) THE NET WRITTEN AND EARNED PREMIUMS FOR THE YEAR;

16 (2) THE EXPENSE OF THE ADMINISTRATION FOR THE YEAR; AND

17 (3) THE PAID AND INCURRED LOSSES FOR THE YEAR.

18 14-507.

19 IT IS UNLAWFUL AND A VIOLATION OF THIS ARTICLE FOR A CARRIER,  
20 INSURANCE PRODUCER, OR THIRD PARTY ADMINISTRATOR TO REFER AN  
21 INDIVIDUAL EMPLOYEE TO THE PLAN, OR ARRANGE FOR AN INDIVIDUAL EMPLOYEE  
22 TO APPLY TO THE PLAN, FOR THE PURPOSE OF SEPARATING THAT EMPLOYEE FROM  
23 THE GROUP HEALTH INSURANCE COVERAGE PROVIDED THROUGH THE EMPLOYEE'S  
24 EMPLOYER.

25 14-508. RESERVED.

26 14-509. RESERVED.

27 PART II. SENIOR PRESCRIPTION DRUG PROGRAM.

28 14-510.

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

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

32 (1) IS A RESIDENT OF MARYLAND;

33 (2) IS A MEDICARE BENEFICIARY;

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

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

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

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

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

11 14-511.

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

13 (B) THE PURPOSE OF THE PROGRAM IS TO PROVIDE MEDICARE  
14 BENEFICIARIES, WHO LACK PRESCRIPTION DRUG COVERAGE, WITH ACCESS TO  
15 AFFORDABLE, MEDICALLY NECESSARY PRESCRIPTION DRUGS UNTIL SUCH TIME AS  
16 AN OUTPATIENT PRESCRIPTION DRUG BENEFIT IS PROVIDED THROUGH THE  
17 FEDERAL MEDICARE PROGRAM.

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

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

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

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

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

27 14-512.

28 (A) THE PROGRAM SHALL:

29 (1) SUBJECT TO THE MONEYS AVAILABLE IN THE SEGREGATED  
30 ACCOUNT UNDER § 14-504 OF THIS SUBTITLE, PROVIDE BENEFITS TO NOT MORE  
31 THAN 30,000 ENROLLEES AT ANY ONE TIME;

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

33 (3) NOT REQUIRE A DEDUCTIBLE; AND



- 1 (4) LIMIT THE COPAY CHARGED AN ENROLLEE TO:
- 2 (I) \$10 FOR A PRESCRIPTION FOR A GENERIC DRUG;
- 3 (II) \$20 FOR A PRESCRIPTION FOR A PREFERRED BRAND NAME  
4 DRUG; AND
- 5 (III) \$35 FOR A PRESCRIPTION FOR A NONPREFERRED BRAND NAME  
6 DRUG.

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

9 (C) (1) THE BOARD, BY REGULATION, SHALL ADOPT A PRESCRIPTION DRUG  
10 FORMULARY FOR THE PROGRAM.

11 (2) THE BOARD MAY EXCLUDE FROM THE PROGRAM'S FORMULARY ANY  
12 EXPERIMENTAL DRUG THAT IS NOT APPROVED BY THE FEDERAL FOOD AND DRUG  
13 ADMINISTRATION FOR GENERAL USE.

14 14-513.

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

18 (B) IN ADDITION TO PREMIUM INCOME, THE SEGREGATED ACCOUNT SHALL  
19 INCLUDE:

20 (I) INTEREST AND INVESTMENT INCOME ATTRIBUTABLE TO  
21 PROGRAM FUNDS; AND

22 (II) MONEY DEPOSITED TO THE ACCOUNT BY THE CARRIER THAT  
23 ADMINISTERS THE PROGRAM IN ACCORDANCE WITH SUBSECTION (C) OF THIS  
24 SECTION.

25 (C) (1) BY JUNE 30 OF EACH YEAR, THE PROGRAM ADMINISTRATOR SHALL  
26 DEPOSIT TO THE FUND UNDER § 14-504 OF THIS SUBTITLE:

27 (I) PREMIUMS COLLECTED; AND

28 (II) THE AMOUNT, IN EXCESS OF PREMIUMS COLLECTED, THAT IS  
29 NECESSARY TO OPERATE AND ADMINISTER THE PROGRAM FOR THE NEXT 12  
30 MONTHS.

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

33 (3) THE AMOUNT REQUIRED BY THE BOARD UNDER PARAGRAPH (2) OF  
34 THIS SUBSECTION MAY NOT EXCEED THE VALUE OF THE PROGRAM

1 ADMINISTRATOR'S ANNUAL PREMIUM TAX EXEMPTION UNDER § 6-101(B) OF THIS  
2 ARTICLE.

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

6 (5) ANY REBATES OR OTHER DISCOUNTS OBTAINED BY THE PROGRAM  
7 ADMINISTRATOR AS A RESULT OF PRESCRIPTION DRUG PURCHASES ON BEHALF OF  
8 PROGRAM ENROLLEES FROM A PHARMACEUTICAL BENEFIT MANAGER OR  
9 PHARMACEUTICAL MANUFACTURER SHALL INURE TO THE BENEFIT OF THE  
10 PROGRAM AND BE DEPOSITED TO THE FUND.

11 14-514.

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

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

19 14-515.

20 (A) FOR THE PURPOSE OF MAXIMIZING PARTICIPATION IN THE PROGRAM,  
21 THE BOARD MAY DEVELOP OUTREACH MATERIALS FOR DISTRIBUTION TO ELIGIBLE  
22 INDIVIDUALS.

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

25 (1) THE DEPARTMENT OF AGING;

26 (2) LOCAL HEALTH DEPARTMENTS;

27 (3) CONTINUING CARE RETIREMENT COMMUNITIES;

28 (4) PLACES OF WORSHIP;

29 (5) CIVIC ORGANIZATIONS;

30 (6) COMMUNITY PHARMACIES; AND

31 (7) ANY OTHER ENTITY THAT THE BOARD DETERMINES APPROPRIATE.

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

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

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

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

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

10 **Article - State Finance and Procurement**

11 11-203.

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

14 (1) procurement by:

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

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

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

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

21 (v) the Maryland Industrial Training Program or the Partnership  
22 for Workforce Quality Program in the Department of Business and Economic  
23 Development, for training services or programs for new or expanding businesses or  
24 industries or businesses or industries in transition;

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

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

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

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

33 (x) the Maryland Automobile Insurance Fund;

- 1 (xi) the Maryland Historical Trust for:
- 2 1. surveying and evaluating architecturally, archeologically,  
3 historically, or culturally significant properties; and
- 4 2. other than as to architectural services, preparing historic  
5 preservation planning documents and educational material;
- 6 (xii) the University of Maryland, for University College Overseas  
7 Programs, if the University adopts regulations that:
- 8 1. establish policies and procedures governing procurement  
9 for University College Overseas Programs; and
- 10 2. promote the purposes stated in § 11-201(a) of this subtitle;
- 11 (xiii) St. Mary's College of Maryland;
- 12 (xiv) the Department of Business and Economic Development, for  
13 negotiating and entering into private sector cooperative marketing projects that  
14 directly enhance promotion of Maryland and the tourism industry where there will be  
15 a private sector contribution to the project if not less than 50% of the total cost of the  
16 project, if the project is reviewed by the Attorney General and approved by the  
17 Secretary of Business and Economic Development or the Secretary's designee;
- 18 (xv) the Forvm for Rural Maryland; [and]
- 19 (xvi) the Maryland State Lottery Agency, for negotiating and  
20 entering into private sector cooperative marketing projects that directly enhance  
21 promotion of the Maryland State Lottery and its products, if the cooperative  
22 marketing project:
- 23 1. provides a substantive promotional or marketing value  
24 that the lottery determines acceptable in exchange for advertising or other  
25 promotional activities provided by the lottery;
- 26 2. does not involve the advertising or other promotion of  
27 alcohol or tobacco products; and
- 28 3. is reviewed by the Attorney General and approved by the  
29 Maryland Lottery Director or the Director's designee; AND

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

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

34 [SECTION 2. AND BE IT FURTHER ENACTED, That the Health Services  
35 Cost Review Commission may not take steps to eliminate or adjust the differential in

1 hospital rates provided to carriers that provide a substantial, available, and  
2 affordable product in the nongroup market, under § 15-606 of the Insurance Article  
3 and the regulations of the Commission, as those rates were in effect on January 1,  
4 2000 until the later of the termination of the Short-Term Prescription Drug Subsidy  
5 Plan created under Title 15, Subtitle 6 of the Health - General Article or the end of  
6 June 30, 2003.]

7

#### **Chapter 134 of the Acts of 2001**

8 SECTION 12. AND BE IT FURTHER ENACTED, That [Sections 3 and 4]  
9 SECTION 3 of this Act shall take effect July 1, 2001. On the earlier of the end of June  
10 30, 2003[, or the availability of comparable prescription drug benefits provided by  
11 Medicare under Title XVIII of the Social Security Act, as amended], with no further  
12 action required by the General Assembly, [Sections 3 and 4] SECTION 3 of this Act  
13 shall be abrogated and of no further force and effect. [If comparable prescription drug  
14 benefits are provided by Medicare under Title XVIII of the Social Security Act, the  
15 Secretary of Health and Mental Hygiene shall notify the Department of Legislative  
16 Services, 90 State Circle, Annapolis, Maryland 21401 not later than 90 days before  
17 prescription drug benefits are to be provided.]

18

#### **Chapter 135 of the Acts of 2001**

19 SECTION 12. AND BE IT FURTHER ENACTED, That [Sections 3 and 4]  
20 SECTION 3 of this Act shall take effect July 1, 2001. On the earlier of the end of June  
21 30, 2003[, or the availability of comparable prescription drug benefits provided by  
22 Medicare under Title XVIII of the Social Security Act, as amended], with no further  
23 action required by the General Assembly, [Sections 3 and 4] SECTION 3 of this Act  
24 shall be abrogated and of no further force and effect. [If comparable prescription drug  
25 benefits are provided by Medicare under Title XVIII of the Social Security Act, the  
26 Secretary of Health and Mental Hygiene shall notify the Department of Legislative  
27 Services, 90 State Circle, Annapolis, Maryland 21401 not later than 90 days before  
28 prescription drug benefits are to be provided.]

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

- 31 (1) 3 members in 2006;  
32 (2) 3 members in 2007; and  
33 (3) 3 member in 2008.

34 SECTION 7. AND BE IT FURTHER ENACTED, That, no later than October  
35 1, 2002, the Maryland Insurance Administration shall notify the Centers for Medicare  
36 and Medicaid Services (CMS) that the State has established the Maryland Health  
37 Insurance Plan and request that it be approved as an acceptable "alternative  
38 mechanism" under the federal Health Insurance Portability and Accountability Act  
39 (HIPAA) in accordance with 45 CFR 148.128(e).

1 SECTION 8. AND BE IT FURTHER ENACTED, That any carrier, that on  
2 January 1, 2002, offered or had in place a plan for substantial, available, and  
3 affordable coverage provided in accordance with § 15-606 of the Insurance Article,  
4 shall continue to provide that coverage through July 1, 2003 to any individual  
5 enrolled in the plan on or after January 1, 2002, at the option of the enrollee.

6 SECTION 9. AND BE IT FURTHER ENACTED, That:

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

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

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

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

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

36 SECTION 11. AND BE IT FURTHER ENACTED, That Sections 1 through 4 of  
37 this Act shall take effect July 1, 2003.

38 SECTION 12. AND BE IT FURTHER ENACTED, That, except as provided in  
39 Section 11 of this Act, this Act shall take effect July 1, 2002.