HOUSE BILL 1228

Unofficial Copy 2002 Regular Session
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By: **Delegates Taylor ~~and Busch~~, 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**

Introduced and read first time: February 8, 2002
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted with floor amendments
Read second time: March 14, 2002

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;
13 specifying the ~~terms of the initial members~~ term of a certain member of the
14 Board; requiring the Board to adopt certain regulations; requiring the Board to
15 establish certain premium rates using a certain process; requiring the ~~Maryland~~
16 ~~Health Care Commission~~ Board to establish a certain benefit package;
17 exempting the plan from a certain premium tax; limiting certain premium rates;
18 providing that certain losses shall be subsidized in a certain manner; providing
19 for the reimbursement ~~and calculation of~~ of plan losses ~~in a certain manner~~;
20 requiring the Board to take certain steps to limit enrollment in the plan based
21 on a certain financial capacity; requiring the Board to contract with an
22 administrator for the plan ~~and the program~~ based on certain criteria; requiring
23 the administrator to provide certain reports; specifying that the Board may

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

1 recommendations to the General Assembly under certain circumstances;
2 requiring the Secretary of Health and Mental Hygiene and a certain insurance
3 carrier to transfer certain records, data, and other information to the Board ~~and~~
4 ~~at the option of the Board, a certain administrator~~; requiring certain enrollees to
5 be automatically enrolled in the Senior Prescription Drug Program under
6 certain circumstances; specifying a certain intent of the General Assembly;
7 providing for the termination of the Senior Prescription Drug Program under
8 certain circumstances; providing for the termination of the program on a certain
9 date; requiring the Secretary to provide certain notice to the Department of
10 Legislative Services within a certain time frame; requiring a certain carrier to
11 begin subsidizing a certain program on a certain date; repealing a certain
12 provision of law prohibiting a certain commission from eliminating or adjusting
13 a certain differential; repealing certain termination provisions; defining certain
14 terms; providing for a delayed effective date for certain provisions of this Act;
15 and generally relating to health benefits for medically uninsurable and
16 underinsured individuals.

17 BY repealing
18 Article - Insurance
19 Section ~~15-606, 15-606.1, 15-1301(b), (n), (p), (q), (r), and (t), 15-1304 through~~
20 ~~15-1307, inclusive, 15-1308(a), (b), (c), (d), and (g), and 15-1312~~ 15-606
21 and 15-606.1
22 Annotated Code of Maryland
23 (1997 Volume and 2001 Supplement)

24 BY repealing
25 Article - Health - General
26 Section 15-601 through 15-606, inclusive, and the subtitle "Subtitle 6.
27 Short-Term Prescription Drug Subsidy Plan"
28 Annotated Code of Maryland
29 (2000 Replacement Volume and 2001 Supplement)

30 ~~BY renumbering~~
31 ~~Article - Insurance~~
32 ~~Section 15-1301(c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (o), and (s), 15-1308(e)~~
33 ~~and (f), and 15-1309 through 15-1311, respectively~~
34 ~~to be Section 15-1301(b) through (n), 15-1304(a) and (b), and 15-1305 through~~
35 ~~15-1307, respectively~~
36 ~~Annotated Code of Maryland~~
37 ~~(1997 Volume and 2001 Supplement)~~

38 BY repealing and reenacting, with amendments,
39 Article - Health - General
40 Section 19-103(c)
41 Annotated Code of Maryland

1 (2000 Replacement Volume and 2001 Supplement)

2 BY adding to
3 Article - Health - General
4 Section 19-219(d) and (e)
5 Annotated Code of Maryland
6 (2000 Replacement Volume and 2001 Supplement)

7 BY repealing and reenacting, with amendments,
8 Article - Insurance
9 Section 6-101(b) ~~and 14-106~~, 14-106, 15-1303, and 15-1309(b)
10 Annotated Code of Maryland
11 (1997 Volume and 2001 Supplement)

12 ~~BY repealing and reenacting, with amendments,~~
13 ~~Article - Insurance~~
14 ~~Section 15-1305(b)~~
15 ~~Annotated Code of Maryland~~
16 ~~(1997 Volume and 2001 Supplement)~~
17 ~~(As enacted by Section 3 of this Act)~~

18 BY adding to
19 Article - Insurance
20 Section 14-501 through 14-515, inclusive, to be under the new subtitle "Subtitle
21 5. Programs for Medically Uninsurable and Underinsured Individuals"
22 Annotated Code of Maryland
23 (1997 Volume and 2001 Supplement)

24 BY repealing and reenacting, with amendments,
25 Article - State Finance and Procurement
26 Section 11-203(a)(1)
27 Annotated Code of Maryland
28 (2001 Replacement Volume)

29 BY repealing
30 Chapter 565 of the Acts of the General Assembly of 2000 as amended by
31 Chapters 134 and 135 of the Acts of the General Assembly of 2001
32 Section 2

33 BY repealing and reenacting, with amendments,
34 Chapter 134 of the Acts of the General Assembly of 2001
35 Section 12

36 BY repealing and reenacting, with amendments,

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

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

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

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

SECTION ~~4.~~ <u>3.</u> AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Health - General

19-103.

(c) The purpose of the Commission is to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article - Health - General

19-219.

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

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

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

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

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

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

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

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

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

(I) DETERMINE THE AMOUNT OF FUNDING TO ALLOCATE TO THE MARYLAND HEALTH INSURANCE PLAN BY MULTIPLYING THE PERCENTAGE DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION BY THE VALUE OF THE TOTAL NET PATIENT REVENUES RECEIVED IN THE IMMEDIATELY PRECEDING FISCAL YEAR BY ALL HOSPITALS FOR WHICH RATES WERE APPROVED BY THE COMMISSION; AND

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

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

4 (E) (1) THE COMMISSION SHALL ADJUST HOSPITAL RATES TO ~~TAKE INTO~~
5 ~~ACCOUNT THE ASSESSMENT REQUIRED UNDER SUBSECTION (D) OF THIS SECTION~~
6 ENSURE THAT THE ASSESSMENT COLLECTED UNDER SUBSECTION (D) OF THIS
7 SECTION IS REVENUE NEUTRAL TO EACH HOSPITAL.

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

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

11 (II) HOSPITAL FINANCIAL PERFORMANCE.

12 **Article - Insurance**

13 14-106.

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

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

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

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

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

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

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

34 (2) served the public interest by any method or practice approved by the
35 Commissioner.

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

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

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

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

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

16 **Article - Insurance**

17 15-1303.

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

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

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

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

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

29 (I) THE NUMBER OF APPLICATIONS SUBMITTED TO THE CARRIER
30 FOR INDIVIDUAL COVERAGE; AND

31 (II) THE NUMBER OF DECLINATIONS ISSUED BY THE CARRIER FOR
32 INDIVIDUAL COVERAGE.

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

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

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

9 ~~15-1305.~~ 15-1309.

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

12 (1) for nonpayment of the required premiums;

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

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

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

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

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

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

30 **Article - Insurance**

31 6-101.

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

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

35 (2) a fraternal benefit society;

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

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

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

7 (6) [the Short-Term Prescription Drug Subsidy Plan created under Title
8 15, Subtitle 6 of the Health - General Article] THE MARYLAND HEALTH INSURANCE
9 PLAN ESTABLISHED UNDER TITLE 14, SUBTITLE 5, PART I OF THIS ARTICLE; OR

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

12 SECTION 7. AND BE IT FURTHER ENACTED, That the Laws of Maryland
13 read as follows:

14 **Article - Insurance**

15 SUBTITLE 5. PROGRAMS FOR MEDICALLY UNINSURABLE AND UNDERINSURED
16 INDIVIDUALS.

17 PART I. MARYLAND HEALTH INSURANCE PLAN.

18 14-501.

19 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
20 INDICATED.

21 (B) "ADMINISTRATOR" MEANS:

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

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

25 (C) "BOARD" MEANS THE BOARD OF DIRECTORS FOR THE MARYLAND HEALTH
26 INSURANCE PLAN.

27 (D) "CARRIER" MEANS:

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

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

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

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

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

6 ~~(1)~~ (I) PROVIDES EVIDENCE ~~TO THE BOARD~~ THAT, FOR HEALTH
7 REASONS, A CARRIER HAS REFUSED TO ISSUE SUBSTANTIALLY SIMILAR COVERAGE
8 TO THE INDIVIDUAL;

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

12 ~~(3)~~ (III) SATISFIES THE DEFINITION OF "ELIGIBLE INDIVIDUAL"
13 UNDER § 15-1301 OF THIS ARTICLE;

14 ~~(4)~~ (IV) HAS A HISTORY OF OR SUFFERS FROM A MEDICAL OR HEALTH
15 CONDITION THAT IS INCLUDED ON A LIST PROMULGATED IN REGULATION BY THE
16 BOARD; OR

17 ~~(5)~~ (V) IS A DEPENDENT OF AN INDIVIDUAL WHO IS ELIGIBLE FOR
18 COVERAGE UNDER THIS SUBSECTION.

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

21 (I) THE FEDERAL MEDICARE PROGRAM;

22 (II) THE MARYLAND MEDICAL ASSISTANCE PROGRAM;

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

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

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

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

30 14-502.

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

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

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

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

9 14-503.

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

11 (B) THE PLAN SHALL OPERATE SUBJECT TO THE SUPERVISION AND CONTROL
12 OF THE BOARD.

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

14 (1) ONE SHALL BE THE COMMISSIONER;

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

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

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

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

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

27 ~~(I) ONE SHALL BE KNOWLEDGEABLE ABOUT THE BUSINESS OF~~
28 ~~INSURANCE, BUT NOT AN OFFICER OR EMPLOYEE OF A CARRIER DOING BUSINESS IN~~
29 ~~THE STATE;~~

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

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

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

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

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

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

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

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

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

~~(1)~~ (2) THE TERM OF ~~A~~ THE CONSUMER MEMBER IS 4 YEARS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14-504.

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

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

1 (3) THE TREASURER SHALL SEPARATELY HOLD AND THE COMPTROLLER
2 SHALL ACCOUNT FOR THE FUND.

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

6 (5) ANY INVESTMENT EARNINGS SHALL BE RETAINED TO THE CREDIT
7 OF THE FUND.

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

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

12 (B) THE FUND SHALL CONSIST OF:

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

14 (2) PREMIUMS PAID BY ENROLLEES OF THE SENIOR PRESCRIPTION
15 DRUG PROGRAM;

16 (3) ~~A 1% ASSESSMENT ON THE GROSS ANNUAL REVENUE OF EACH~~
17 ~~ACUTE CARE HOSPITAL IN THE STATE~~ <u>MONEY COLLECTED</u> IN ACCORDANCE WITH §
18 19-219 OF THE HEALTH - GENERAL ARTICLE;

19 (4) MONEY DEPOSITED BY A CARRIER IN ACCORDANCE WITH ~~§ 14-514~~ <u>§</u>
20 <u>14-513</u> OF THIS SUBTITLE;

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

23 (6) INTEREST ON DEPOSITS OR INVESTMENTS OF MONEY FROM THE
24 FUND; AND

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

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

30 (D) (1) IN ADDITION TO THE OPERATION AND ADMINISTRATION OF THE
31 PLAN, THE FUND SHALL BE USED FOR THE OPERATION AND ADMINISTRATION OF
32 THE SENIOR PRESCRIPTION DRUG PROGRAM ESTABLISHED UNDER PART II OF THIS
33 SUBTITLE.

34 (2) THE BOARD SHALL MAINTAIN SEPARATE ACCOUNTS WITHIN THE
35 FUND FOR THE SENIOR PRESCRIPTION DRUG PROGRAM AND THE MARYLAND
36 HEALTH INSURANCE PLAN.

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

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

14-505.

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

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

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

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

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

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

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

(2) ~~(I)~~ THE PREMIUM ~~RATES~~ RATE FOR PLAN COVERAGE:

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

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

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

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

1 14-506.

2 (A) (1) THE BOARD SHALL SELECT AN ADMINISTRATOR TO ADMINISTER THE
3 PLAN.

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

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

8 (II) THE EFFICIENCY AND TIMELINESS OF THE ADMINISTRATOR'S
9 CLAIM PROCESSING PROCEDURES;

10 (III) AN ESTIMATE OF TOTAL CHARGES FOR ADMINISTERING THE
11 FUND;

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

14 (V) THE FINANCIAL CONDITION AND STABILITY OF THE
15 ADMINISTRATOR.

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

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

21 (1) DETERMINATION OF ELIGIBILITY;

22 (2) DATA COLLECTION;

23 (3) CASE MANAGEMENT;

24 (4) FINANCIAL TRACKING AND REPORTING;

25 (5) PAYMENT OF CLAIMS; AND

26 (6) PREMIUM BILLING.

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

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

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

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

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

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

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

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

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

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

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

20 14-507.

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

27 14-508. RESERVED.

28 14-509. RESERVED.

29 PART II. SENIOR PRESCRIPTION DRUG PROGRAM.

30 14-510.

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

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

34 (1) IS A RESIDENT OF MARYLAND;

1 (2) IS A MEDICARE BENEFICIARY;

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

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

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

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

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

12 14-511.

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

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

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

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

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

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

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

28 14-512.

29 (A) THE PROGRAM SHALL:

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

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

1 (3) NOT REQUIRE A DEDUCTIBLE; AND

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

3 (I) $10 FOR A PRESCRIPTION FOR A GENERIC DRUG;

4 (II) $20 FOR A PRESCRIPTION FOR A PREFERRED BRAND NAME
5 DRUG; AND

6 (III) $35 FOR A PRESCRIPTION FOR A NONPREFERRED BRAND NAME
7 DRUG.

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

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

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

17 14-513.

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

21 (B) IN ADDITION TO PREMIUM INCOME, THE SEGREGATED ACCOUNT SHALL
22 INCLUDE:

23 (I) INTEREST AND INVESTMENT INCOME ATTRIBUTABLE TO
24 PROGRAM FUNDS; AND

25 (II) MONEY DEPOSITED TO THE ACCOUNT BY THE CARRIER THAT
26 ADMINISTERS THE PROGRAM IN ACCORDANCE WITH SUBSECTION (C) OF THIS
27 SECTION.

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

31 (I) PREMIUMS COLLECTED; AND

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

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

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

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

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

15 14-514.

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

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

23 14-515.

24 (A) FOR THE PURPOSE OF MAXIMIZING PARTICIPATION IN THE PROGRAM,
25 THE BOARD MAY DEVELOP OUTREACH MATERIALS FOR DISTRIBUTION TO ELIGIBLE
26 INDIVIDUALS.

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

29 (1) THE DEPARTMENT OF AGING;

30 (2) LOCAL HEALTH DEPARTMENTS;

31 (3) CONTINUING CARE RETIREMENT COMMUNITIES;

32 (4) PLACES OF WORSHIP;

33 (5) CIVIC ORGANIZATIONS;

34 (6) COMMUNITY PHARMACIES; AND

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

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

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

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

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

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

12 **Article - State Finance and Procurement**

13 11-203.

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

16 (1) procurement by:

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

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

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

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

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

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

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

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

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

1 (x) the Maryland Automobile Insurance Fund;

2 (xi) the Maryland Historical Trust for:

3 1. surveying and evaluating architecturally, archeologically,
4 historically, or culturally significant properties; and

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

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

9 1. establish policies and procedures governing procurement
10 for University College Overseas Programs; and

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

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

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

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

20 (xvi) the Maryland State Lottery Agency, for negotiating and
21 entering into private sector cooperative marketing projects that directly enhance
22 promotion of the Maryland State Lottery and its products, if the cooperative
23 marketing project:

24 1. provides a substantive promotional or marketing value
25 that the lottery determines acceptable in exchange for advertising or other
26 promotional activities provided by the lottery;

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

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

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

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

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

Chapter 134 of the Acts of 2001

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

Chapter 135 of the Acts of 2001

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

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

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

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

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

~~SECTION 7. AND BE IT FURTHER ENACTED, That, no later than October 1, 2002, the Maryland Insurance Administration shall notify the Centers for Medicare~~

~~and Medicaid Services (CMS) that the State has established the Maryland Health Insurance Plan and request that it be approved as an acceptable "alternative mechanism" under the federal Health Insurance Portability and Accountability Act (HIPAA) in accordance with 45 CFR 148.128(e).~~

SECTION 8. AND BE IT FURTHER ENACTED, That on July 1, 2003, the trustee of the Maryland Health Care Trust, established by Chapter 701 of the Acts of 2001, shall transfer all funds from the Trust to the Maryland Health Insurance Plan Fund established under Title 14, Subtitle 5 of the Insurance Article to be used for administrative and other start-up costs associated with the Maryland Health Insurance Plan.

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

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

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

SECTION 10. AND BE IT FURTHER ENACTED, That:

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

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

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

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

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

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

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

4 (3) For calendar year 2002:

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

8 (ii) a carrier that participates in the SAAC program through a preferred
9 provider organization product shall hold one 30-day open enrollment period for
10 eligible individuals in June 2002.

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

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

16 (2) Notwithstanding § 15-1309 of the Insurance Article, for each SAAC policy
17 in effect on and after March 31, 2003, the renewal date shall be July 1, 2003. On July
18 1, 2003, each SAAC policy shall be renewed as a policy under the Maryland Health
19 Insurance Plan established under this Act.

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

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

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

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

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

36 (2) Each individual enrolled in the Short-Term Prescription Drug Subsidy
37 Plan, established under Title 15, Subtitle 6 of the Health - General Article, on June
38 30, 2003 shall, at the option of the enrollee and subject to the payment of all necessary

1 premiums and copayments, be automatically enrolled in the Senior Prescription Drug
2 Program established under this Act.

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

6 (4) Benefits shall be offered to enrollees through the Senior Prescription Drug
7 Program established under Title 14, Subtitle 5, Part II of the Insurance Article
8 beginning July 1, 2003. On the earlier of the end of June 30, 2005, or the availability
9 of comparable prescription drug benefits provided by Medicare under Title XVIII of
10 the Social Security Act, as amended, with no further action required by the General
11 Assembly, the Senior Prescription Drug Program established under Title 14, Subtitle
12 5, Part II, as amended, shall be abrogated and of no further force and effect. If
13 comparable prescription drug benefits are provided by Medicare under Title XVIII of
14 the Social Security Act, the Secretary of Health and Mental Hygiene shall notify the
15 Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401 no
16 later than 90 days before the prescription drug benefits are to be provided.

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

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

25 SECTION ~~11.~~ 15. AND BE IT FURTHER ENACTED, That Sections 1 ~~through~~
26 ~~4~~, 2, 3, 5, and 6 of this Act shall take effect July 1, 2003.

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

29 SECTION ~~12.~~ 17. AND BE IT FURTHER ENACTED, That, except as provided
30 in ~~Section 11~~ Sections 15 and 16 of this Act, this Act shall take effect July 1, 2002.