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By: **Delegates Hubbard, Barkley, Benson, Bobo, Bronrott, Conroy, D. Davis, Frush, Goldwater, Gordon, Gutierrez, Holmes, Kaiser, Kelley, Lee, Madaleno, McIntosh, Menes, Moe, Montgomery, Nathan-Pulliam, Niemann, Oaks, Parker, Patterson, Pendergrass, Ramirez, Rosenberg, F. Turner, V. Turner, and Vaughn**

Introduced and read first time: February 7, 2003  
Assigned to: Health and Government Operations

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A BILL ENTITLED

1 AN ACT concerning

2 **Public-Private Partnership for Health Coverage for All Marylanders**

3 FOR the purpose of expanding eligibility under the Maryland Medical Assistance  
4 Program to parents at or below a certain income, subject to certain limitations;  
5 including uninsured individuals in the Maryland Pharmacy Discount Program;  
6 including all individuals under a certain age in the Maryland Children's Health  
7 Program (MCHP); altering the MCHP private option plan to apply to a certain  
8 individual whose family income is above a certain income; requiring an  
9 individual in the MCHP private option plan to pay a certain premium  
10 determined by the Secretary of Health and Mental Hygiene; imposing the  
11 insurance premiums tax on health maintenance organizations; providing that  
12 certain premiums to be taxed include certain amounts paid to a health  
13 maintenance organization; expanding a certain health insurance program to  
14 include health benefit plans that cover certain individuals; altering the  
15 maximum number of eligible employees a person may employ to be considered a  
16 small employer in the Maryland Health Reform Act; altering the tobacco tax  
17 rate for cigarettes; repealing certain referral procedures and treatment required  
18 by the Alcohol and Drug Abuse Administration; repealing the Substance Abuse  
19 Treatment Outcomes Partnership Fund; repealing authority of the  
20 Administration to establish or operate certain facilities and services; requiring  
21 that the Department of Health and Mental Hygiene provide certain mental  
22 health services to certain individuals under certain conditions; requiring the  
23 Secretary to adopt certain regulations for certain costs of receiving services;  
24 renaming the Maryland Health Insurance Plan to be MdCare; providing for the  
25 purpose of MdCare; requiring the Board of MdCare to adopt certain regulations;  
26 authorizing the Board to aggregate the purchasing of prescription drugs for  
27 certain enrollees; renaming the Maryland Health Insurance Plan Fund to be the  
28 MdCare Fund; establishing eligibility requirements for MdCare; requiring the  
29 MdCare Fund to include moneys appropriated in the State budget to the  
30 MdCare Fund; prohibiting the benefit package under MdCare from restricting  
31 certain days authorized for certain treatment; requiring the benefit package

1 under MdCare to include certain benefits and services; repealing certain  
2 exclusions from the benefit package; prohibiting the Board of MdCare from  
3 charging a premium rate during a certain fiscal year; prohibiting the Board  
4 from imposing any cost-sharing requirements, deductibles, copays, and  
5 coinsurance on certain individuals for certain fiscal years; prohibiting the Board  
6 from charging a premium rate for a certain individual whose income is at or  
7 below a certain amount and requiring the Board to establish a certain sliding  
8 scale premium rate for a certain individual whose income is between certain  
9 amounts; repealing certain premium rate requirements and requirements for a  
10 standard risk rate; requiring the Board to select one or more administrators to  
11 administer MdCare; requiring the Board to establish the Maryland Quality  
12 Institute; establishing the duties of the Institute; establishing the MdCare  
13 Universal Coverage Oversight Commission; providing for the purpose,  
14 composition, chairman, staff, and duties of the Commission; requiring the  
15 Commission to submit certain reports on or before certain dates; requiring the  
16 Board of MdCare to develop a certain "electronic-Care Management" system;  
17 repealing the Breast Cancer Program in the Department of Health and Mental  
18 Hygiene; imposing a certain payroll tax on employers in the State; allowing a  
19 credit against the payroll tax for certain expenditures by an employer for health  
20 insurance for employees in the State; exempting certain employers from the  
21 payroll tax under certain circumstances; providing for administration and  
22 collection of the payroll tax by the Secretary of Labor, Licensing, and Regulation;  
23 requiring an individual to pay certain additional State income tax in certain  
24 amounts under certain circumstances; providing for the distribution of certain  
25 additional State income tax; requiring the Department of Health and Mental  
26 Hygiene to seek certain approval for coverage expansion under the Maryland  
27 Medical Assistance Program, the Maryland Pharmacy Discount Program, and  
28 the Maryland Children's Health Program; providing for certain contingencies;  
29 altering certain definitions; and generally relating to health coverage for all  
30 Marylanders.

31 BY repealing

32 Article - Health - General

33 Section 8-403.1; 8-6C-01 through 8-6C-04, inclusive, and the subtitle "Subtitle  
34 6C. The Substance Abuse Treatment Outcomes Partnership Fund"; and  
35 20-116

36 Annotated Code of Maryland

37 (2000 Replacement Volume and 2002 Supplement)

38 BY repealing and reenacting, with amendments,

39 Article - Health - General

40 Section 15-103(a)

41 Annotated Code of Maryland

42 (2000 Replacement Volume and 2002 Supplement)

43 BY repealing and reenacting, with amendments,

44 Article - Health - General

1 Section 15-124.1  
2 Annotated Code of Maryland  
3 (2000 Replacement Volume and 2002 Supplement)

4 BY repealing and reenacting, with amendments,  
5 Article - Health - General  
6 Section 15-301 and 15-301.1  
7 Annotated Code of Maryland  
8 (2000 Replacement Volume and 2002 Supplement)

9 BY repealing and reenacting, with amendments,  
10 Article - Health - General  
11 Section 19-727  
12 Annotated Code of Maryland  
13 (2000 Replacement Volume and 2002 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article - Insurance  
16 Section 6-101, 6-102(b), and 6-104(a)  
17 Annotated Code of Maryland  
18 (1997 Volume and 2002 Supplement)

19 BY repealing and reenacting, with amendments,  
20 Article - Insurance  
21 Section 15-1201, 15-1202, and 15-1203(b)  
22 Annotated Code of Maryland  
23 (2002 Replacement Volume and 2002 Supplement)

24 BY repealing and reenacting, with amendments,  
25 Article - Tax - General  
26 Section 12-105(a)  
27 Annotated Code of Maryland  
28 (1997 Replacement Volume and 2002 Supplement)

29 BY repealing and reenacting, without amendments,  
30 Article - Health - General  
31 Section 8-101(a) and (b)  
32 Annotated Code of Maryland  
33 (2000 Replacement Volume and 2002 Supplement)

34 BY repealing and reenacting, with amendments,  
35 Article - Health - General  
36 Section 8-402, 8-403, 10-104, and 10-901

1 Annotated Code of Maryland  
2 (2000 Replacement Volume and 2002 Supplement)

3 BY repealing and reenacting, with amendments,  
4 Article - Health - General  
5 Section 15-103(a)  
6 Annotated Code of Maryland  
7 (2000 Replacement Volume and 2002 Supplement)  
8 (As enacted by Section 3 of this Act)

9 BY repealing and reenacting, with amendments,  
10 Article - Insurance  
11 Section 14-501 through 14-507 to be under the amended part "Part I. MdCare";  
12 and 14-510  
13 Annotated Code of Maryland  
14 (2002 Replacement Volume and 2002 Supplement)

15 BY adding to  
16 Article - Insurance  
17 Section 14-508 and 14-509  
18 Annotated Code of Maryland  
19 (2002 Replacement Volume and 2002 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Article - Health - General  
22 Section 15-103(a)  
23 Annotated Code of Maryland  
24 (2000 Replacement Volume and 2002 Supplement)  
25 (As enacted by Sections 3 and 8 of this Act)

26 BY adding to  
27 Article - Insurance  
28 Section 15-131 and 15-132  
29 Annotated Code of Maryland  
30 (2002 Replacement Volume and 2002 Supplement)

31 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
32 MARYLAND, That Section(s) 8-403.1; and 8-6C-01 through 8-6C-04, inclusive, and  
33 the subtitle "Subtitle 6C. The Substance Abuse Treatment Outcomes Partnership  
34 Fund" of Article - Health - General of the Annotated Code of Maryland be repealed.

35 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 20-116 of  
36 Article - Health - General of the Annotated Code of Maryland be repealed.

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

3 **Article - Health - General**

4 15-103.

5 (a) (1) The Secretary shall administer the Maryland Medical Assistance  
6 Program.

7 (2) The Program:

8 (i) Subject to the limitations of the State budget, shall provide  
9 comprehensive medical and other health care services for indigent individuals or  
10 medically indigent individuals or both;

11 (ii) Shall provide, subject to the limitations of the State budget,  
12 comprehensive medical and other health care services for all eligible pregnant women  
13 whose family income is at or below 250 percent of the poverty level, as permitted by  
14 the federal law;

15 (iii) Shall provide, subject to the limitations of the State budget,  
16 comprehensive medical and other health care services for all eligible children  
17 currently under the age of 1 whose family income falls below 185 percent of the  
18 poverty level, as permitted by federal law;

19 (iv) Shall provide, subject to the limitations of the State budget,  
20 family planning services to women currently eligible for comprehensive medical care  
21 and other health care under item (ii) of this paragraph for 5 years after the second  
22 month following the month in which the woman delivers her child;

23 (v) Shall provide, subject to the limitations of the State budget,  
24 comprehensive medical and other health care services for all children from the age of  
25 1 year up through and including the age of 5 years whose family income falls below  
26 133 percent of the poverty level, as permitted by the federal law;

27 (vi) Shall provide, subject to the limitations of the State budget,  
28 comprehensive medical care and other health care services for all children born after  
29 September 30, 1983 who are at least 6 years of age but are under 19 years of age  
30 whose family income falls below 100 percent of the poverty level, as permitted by  
31 federal law;

32 (vii) Shall provide, subject to the limitations of the State budget,  
33 comprehensive medical care and other health care services for all legal immigrants  
34 who meet Program eligibility standards and who arrived in the United States before  
35 August 22, 1996, the effective date of the federal Personal Responsibility and Work  
36 Opportunity Reconciliation Act, as permitted by federal law;

37 (viii) Shall provide, subject to the limitations of the State budget and  
38 any other requirements imposed by the State, comprehensive medical care and other

1 health care services for all legal immigrant children under the age of 18 years and  
 2 pregnant women who meet Program eligibility standards and who arrived in the  
 3 United States on or after August 22, 1996, the effective date of the federal Personal  
 4 Responsibility and Work Opportunity Reconciliation Act;

5 (IX) SHALL PROVIDE, SUBJECT TO THE LIMITATIONS OF THE STATE  
 6 BUDGET AND ANY OTHER REQUIREMENTS IMPOSED BY THE STATE,  
 7 COMPREHENSIVE MEDICAL CARE AND OTHER HEALTH CARE SERVICES FOR ALL  
 8 PARENTS WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR BELOW 100 PERCENT OF  
 9 THE FEDERAL POVERTY LEVEL;

10 [(ix)] (X) May include bedside nursing care for eligible Program  
 11 recipients; and

12 [(x)] (XI) Shall provide services in accordance with funding  
 13 restrictions included in the annual State budget bill.

14 (3) Subject to restrictions in federal law or waivers, the Department may  
 15 impose cost-sharing on Program recipients.

16 (4) IN ADMINISTERING THE PROGRAM, THE DEPARTMENT:

17 (I) MAY NOT REQUIRE AN ASSET TEST FOR PARENTS AND  
 18 CHILDREN;

19 (II) SHALL ALLOW SELF-DECLARATION OF INCOME AND  
 20 ELIGIBILITY INFORMATION REQUIRED FOR THE APPLICATION PROCESS, EXCEPT  
 21 WHERE THE STATE HAS REASON TO QUESTION THE INFORMATION PROVIDED;

22 (III) SHALL ESTABLISH RENEWAL PROCEDURES THAT ALLOW  
 23 ENROLLEES TO VERIFY INFORMATION BY MAIL; AND

24 (IV) SHALL GUARANTEE AN ENROLLMENT PERIOD FOR 12 MONTHS,  
 25 EXCEPT IN CASES OF FRAUD OR MISREPRESENTATION IN THE APPLICATION.

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

28 **Article - Health - General**

29 15-124.1.

30 (a) (1) In this section the following words have the meanings indicated:

31 (2) "Enrollee" means an individual who is enrolled in the Maryland  
 32 Pharmacy Discount Program.

33 (3) "Program" means the Maryland Pharmacy Discount Program  
 34 established under this section.

1 (b) There is a Maryland Pharmacy Discount Program within the Maryland  
2 Medical Assistance Program.

3 (c) The purpose of the Program is to improve the health status of [Medicare  
4 beneficiaries] INDIVIDUALS who lack prescription drug coverage by providing access  
5 to lower cost, medically necessary, prescription drugs.

6 (d) The Program shall be administered and operated by the Department as  
7 permitted by federal law or waiver.

8 (e) (1) The Program shall be open to [Medicare beneficiaries] INDIVIDUALS  
9 who lack other public or private prescription drug coverage.

10 (2) Notwithstanding paragraph (1) of this subsection, enrollment in the  
11 Maryland Medbank Program established under § 15-124.2 of this subtitle or the  
12 Maryland Pharmacy Assistance Program established under § 15-124 of this subtitle  
13 does not disqualify an individual from being eligible for the Program.

14 (f) (1) Subject to subsection (g) of this section, an enrollee may purchase  
15 medically necessary prescription drugs that are covered under the Maryland Medical  
16 Assistance Program from any pharmacy that participates in the Maryland Medical  
17 Assistance Program at a price that is based on the price paid by the Maryland  
18 Medical Assistance Program, minus the aggregate value of any federally mandated  
19 manufacturers' rebates.

20 (2) Subject to subsection (g) of this section, and to the extent authorized  
21 under federal waiver, an enrollee whose annual household income is at or below 175  
22 percent of the federal poverty guidelines may receive a discount subsidized by the  
23 Department that is equal to 35 percent of the price paid by the Maryland Medical  
24 Assistance Program for each medically necessary prescription drug purchased under  
25 the Program.

26 (g) The Department may establish mechanisms to:

27 (1) Recover the administrative costs of the Program;

28 (2) Reimburse participating pharmacies in an amount equal to the  
29 Maryland Medical Assistance price, minus the copayment paid by the enrollee for  
30 each prescription filled under the Program; and

31 (3) Allow participating pharmacies to collect a \$1 processing fee, in  
32 addition to any authorized dispensing fee, for each prescription filled for an enrollee  
33 under the Program.

34 (h) The Secretary shall adopt regulations to implement the Program.

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

**Article - Health - General**

1

2 15-301.

3 (a) There is a Maryland Children's Health Program.

4 (b) The Maryland Children's Health Program shall provide, subject to the  
5 limitations of the State budget and any other requirements imposed by the State and  
6 as permitted by federal law or waiver, comprehensive medical care and other health  
7 care services to an individual [who has a family income at or below 300 percent of the  
8 federal poverty guidelines and] who is under the age of 19 years.

9 (c) The Maryland Children's Health Program shall be administered:

10 (1) For individuals whose family income is at or below 200 percent of the  
11 federal poverty guidelines, through the program under Subtitle 1 of this title  
12 requiring individuals to enroll in managed care organizations; or

13 (2) For eligible individuals whose family income is above 200 [percent,  
14 but at or below 300] percent of the federal poverty guidelines, through the MCHP  
15 private option plan under § 15-301.1 of this subtitle.

16 (d) (1) The Department shall provide eligible individuals and health care  
17 providers with an accurate directory or other listing of all available providers:

18 (i) In written form, made available upon request; and

19 (ii) On an Internet database.

20 (2) The Department shall update the Internet database at least every 30  
21 days.

22 (3) The written directory shall include a conspicuous reference to the  
23 Internet database.

24 15-301.1.

25 (a) (1) In this section the following words have the meanings indicated.

26 (2) "Carrier" means:

27 (i) An insurer;

28 (ii) A nonprofit service plan;

29 (iii) A health maintenance organization; or

30 (iv) Any other person that provides health benefit plans subject to  
31 regulation by the State.



1 (3) "Eligible individual" means an individual who qualifies to participate  
2 in the Maryland Children's Health Program under § 15-301(b) of this subtitle and  
3 whose family income is above 200 [percent, but at or below 300] percent of the  
4 federal poverty guidelines.

5 (4) "Family contribution" means the portion of the premium cost paid for  
6 an eligible individual to enroll and participate in the Maryland Children's Health  
7 Program.

8 (5) "MCHP private option plan" means the plan established under this  
9 section to provide access to health insurance coverage to eligible individuals through  
10 employer-sponsored health benefit plans and managed care organizations under the  
11 Maryland Children's Health Program.

12 (b) This section applies only to individuals whose family income is above 200  
13 [percent, but at or below 300] percent of the federal poverty guidelines.

14 (c) (1) An eligible individual who is enrolled in the MCHP private option  
15 plan shall be insured through an employer's health benefit plan if:

16 (i) The employer offers family health insurance coverage to the  
17 parent or guardian of an eligible individual;

18 (ii) The employer elects to participate in the MCHP private option  
19 plan;

20 (iii) The parent or guardian of an eligible individual is insured  
21 under the employer-sponsored health benefit plan;

22 (iv) The employer contributes to family health insurance coverage  
23 at a rate no less than 30 percent of annual premiums;

24 (v) The plan includes a benefit package that is determined by the  
25 Department to be at least equivalent to the Comprehensive Standard Health Benefit  
26 Plan established under § 15-1207 of the Insurance Article; and

27 (vi) The plan does not impose cost sharing requirements on eligible  
28 individuals.

29 (2) (i) The State's cost for coverage of an eligible individual enrolled in  
30 the MCHP private option plan may not be greater than the cost of coverage if the  
31 eligible individual was insured through a managed care organization as defined in §  
32 15-101(f) of this title.

33 (ii) If an employer-sponsored health benefit plan that meets the  
34 criteria under paragraph (1) of this subsection is not available to the eligible  
35 individual or if the Department determines that the employer-sponsored health  
36 benefit plan is not cost effective as required in item (i) of this paragraph, the eligible  
37 individual shall be insured through a managed care organization as defined in §  
38 15-101(f) of this title.

1 (d) The Department shall facilitate coverage of eligible individuals under an  
2 employer-sponsored health benefit plan by:

3 (1) Evaluating employer-sponsored health benefit plans to determine  
4 whether specific plans meet applicable State and federal requirements;

5 (2) Assisting employers that wish to participate in the MCHP private  
6 option plan to meet the eligibility criteria established under subsection (c) of this  
7 section;

8 (3) Collecting the family contribution under subsection (e) of this section;

9 (4) Forwarding the family contribution and the State's portion of the  
10 premium directly to the carrier; and

11 (5) Assisting employers in enrolling the eligible dependents of employees  
12 in the employer-sponsored health benefit plan.

13 (e) (1) As a requirement of enrollment and participation in the MCHP  
14 private option plan, through either an employer-sponsored health benefit plan or a  
15 managed care organization, the parent or guardian of an eligible individual WHOSE  
16 FAMILY INCOME IS ABOVE 200 PERCENT BUT AT OR BELOW 350 PERCENT shall agree  
17 to pay the following annual family contribution:

18 (i) For an eligible individual whose family income is above 200  
19 percent, but at or below 250 percent of the federal poverty guidelines, an amount  
20 equal to 2 percent of the annual income of a family of two at 200 percent of the federal  
21 poverty guidelines; and

22 (ii) For an eligible individual whose family income is above 250  
23 percent, but at or below [300] 350 percent of the federal poverty guidelines, an  
24 amount equal to 2 percent of the annual income of a family of two at 250 percent of  
25 the federal poverty guidelines.

26 (2) AS A REQUIREMENT OF ENROLLMENT AND PARTICIPATION IN THE  
27 MCHP PRIVATE OPTION PLAN, THROUGH EITHER AN EMPLOYER-SPONSORED  
28 HEALTH BENEFIT PLAN OR A MANAGED CARE ORGANIZATION, THE PARENT OR  
29 GUARDIAN OF AN ELIGIBLE INDIVIDUAL WHOSE FAMILY INCOME IS ABOVE 350  
30 PERCENT OF THE FEDERAL POVERTY GUIDELINES SHALL AGREE TO PAY AN  
31 ACTUARIALLY FAIR PREMIUM DETERMINED BY THE SECRETARY.

32 (3) The family contribution amounts required under [paragraph]  
33 PARAGRAPHS (1) AND (2) of this subsection apply on a per family basis regardless of  
34 the number of eligible individuals each family has enrolled in the MCHP private  
35 option plan.

36 (f) The Department shall adopt regulations necessary to implement this  
37 section.

1 SECTION 6. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
2 read as follows:

3 **Article - Health - General**

4 19-727.

5 [(a) Except as provided in subsection (b) of this section, a] A health  
6 maintenance organization is not exempted from any State, county, or local taxes  
7 solely because of this subtitle.

8 [(b) (1) Each health maintenance organization that is authorized to operate  
9 under this subtitle is exempted from paying the premium tax imposed under Title 6,  
10 Subtitle 1 of the Insurance Article.

11 (2) Premiums received by an insurer under policies that provide health  
12 maintenance organization benefits are not subject to the premium tax imposed under  
13 Title 6, Subtitle 1 of the Insurance Article to the extent:

14 (i) Of the amounts actually paid by the insurer to a nonprofit  
15 health maintenance organization that operates only as a health maintenance  
16 organization; or

17 (ii) The premiums have been paid by that nonprofit health  
18 maintenance organization.]

19 **Article - Insurance**

20 6-101.

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

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

24 (2) A HEALTH MAINTENANCE ORGANIZATION AUTHORIZED BY TITLE 19,  
25 SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE;

26 (3) an attorney in fact for a reciprocal insurer;

27 [(3)] (4) the Maryland Automobile Insurance Fund; and

28 [(4)] (5) a credit indemnity company.

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

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

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

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

7 [(6)] (5) the Short-Term Prescription Drug Subsidy Plan created  
8 under Title 15, Subtitle 6 of the Health - General Article.

9 6-102.

10 (b) Premiums to be taxed include:

11 (1) the consideration for a surety contract, guaranty contract, or annuity  
12 contract;

13 (2) SUBSCRIPTION CHARGES OR OTHER AMOUNTS PAID TO A HEALTH  
14 MAINTENANCE ORGANIZATION ON A PREDETERMINED PERIODIC RATE BASIS BY A  
15 PERSON OTHER THAN A PERSON SUBJECT TO THE TAX UNDER THIS SUBTITLE AS  
16 COMPENSATION FOR PROVIDING HEALTH CARE SERVICES TO MEMBERS;

17 (3) dividends on life insurance policies that have been applied to buy  
18 additional insurance or to shorten the period during which a premium is payable; and

19 [(3)] (4) the part of the gross receipts of a title insurer that is derived  
20 from insurance business or guaranty business.

21 6-104.

22 (a) Subject to subsection (b) of this section, in computing the tax under this  
23 section, the following deductions from gross direct premiums allocable to the State  
24 are allowed:

25 (1) returned premiums, not including surrender values;

26 (2) dividends that are:

27 (i) paid or credited to policyholders; or

28 (ii) applied to buy additional insurance or to shorten the period  
29 during which premiums are payable; AND

30 (3) returns or refunds made or credited to policyholders because of  
31 retrospective ratings or safe driver rewards[; and

32 (4) premiums received by a person subject to taxation under this subtitle  
33 under policies providing health maintenance organization benefits to the extent:

1 (i) of the amounts actually paid by the person to a nonprofit health  
2 maintenance organization authorized by Title 19, Subtitle 7 of the Health - General  
3 Article that operates only as a health maintenance organization that is exempt from  
4 taxes under § 19-727(b) of the Health - General Article; or

5 (ii) that the premiums have been paid by a health maintenance  
6 organization that is exempt from taxes under § 19-727(b) of the Health - General  
7 Article].

8 15-1201.

9 (a) In this subtitle the following words have the meanings indicated.

10 (b) "Board" means the Board of Directors of the Pool established under §  
11 15-1216 of this subtitle.

12 (c) "Carrier" means a person that:

13 (1) offers health benefit plans in the State covering:

14 (I) eligible employees of small employers; [and]

15 (II) AN INDIVIDUAL UNDER AN INDIVIDUAL POLICY; AND

16 (III) AN INDIVIDUAL WHOSE ANNUAL FAMILY INCOME IS ABOVE  
17 350% OF THE FEDERAL POVERTY LEVEL AND WHO DOES NOT ACCEPT  
18 EMPLOYER-SPONSORED INSURANCE; AND

19 (2) is:

20 (i) an authorized insurer that provides health insurance in the  
21 State;

22 (ii) a nonprofit health service plan that is licensed to operate in the  
23 State;

24 (iii) a health maintenance organization that is licensed to operate in  
25 the State; or

26 (iv) any other person or organization that provides health benefit  
27 plans subject to State insurance regulation.

28 (d) "Commission" means the Maryland Health Care Commission established  
29 under Title 19, Subtitle 1 of the Health - General Article.

30 (e) (1) "Eligible employee" means:

31 (i) an individual who:



1 (v) Civilian Health and Medical Program of the Uniformed Services  
2 (CHAMPUS) supplement policies;

3 (vi) long-term care insurance;

4 (vii) disability income insurance;

5 (viii) coverage issued as a supplement to liability insurance;

6 (ix) workers' compensation or similar insurance;

7 (x) disease-specific insurance;

8 (xi) automobile medical payment insurance;

9 (xii) dental insurance; or

10 (xiii) vision insurance.

11 (g) "Health status-related factor" means a factor related to:

12 (1) health status;

13 (2) medical condition;

14 (3) claims experience;

15 (4) receipt of health care;

16 (5) medical history;

17 (6) genetic information;

18 (7) evidence of insurability including conditions arising out of acts of  
19 domestic violence; or

20 (8) disability.

21 (h) "Late enrollee" means:

22 (1) an eligible employee or dependent who requests enrollment in a  
23 health benefit plan after the initial enrollment period provided under the health  
24 benefit plan; or

25 (2) a self-employed individual described in § 15-1203(c) or (d) of this  
26 subtitle or dependent who requests enrollment in a health benefit plan after an  
27 annual open enrollment period for self-employed individuals established by the  
28 carrier in accordance with regulations adopted by the Commissioner.

29 (i) "Pool" means the Maryland Small Employer Health Reinsurance Pool  
30 established under this subtitle.

1 (j) "Preexisting condition" means:

2 (1) a condition existing during a specified period immediately preceding  
3 the effective date of coverage, that would have caused an ordinarily prudent person to  
4 seek medical advice, diagnosis, care, or treatment; or

5 (2) a condition for which medical advice, diagnosis, care, or treatment  
6 was recommended or received during a specified period immediately preceding the  
7 effective date of coverage.

8 (k) "Preexisting condition provision" means a provision in a health benefit  
9 plan that denies, excludes, or limits benefits for an enrollee for expenses or services  
10 related to a preexisting condition.

11 (l) "Reinsuring carrier" means a carrier that participates in the Pool.

12 (m) "Risk-assuming carrier" means a carrier that does not participate in the  
13 Pool.

14 (n) "Small employer" means:

15 (1) an employer described in § 15-1203 of this subtitle; or

16 (2) an entity that leases employees from a professional employer  
17 organization, coemployer, or other organization engaged in employee leasing and that  
18 otherwise meets the description of § 15-1203 of this subtitle.

19 (o) "Special enrollment period" means a period during which a group health  
20 plan shall permit certain individuals who are eligible for coverage, but not enrolled, to  
21 enroll for coverage under the terms of the group health benefit plan.

22 (p) "Standard Plan" means the Comprehensive Standard Health Benefit Plan  
23 adopted by the Commission in accordance with § 15-1207 of this subtitle and Title 19,  
24 Subtitle 1 of the Health - General Article.

25 15-1202.

26 (a) This subtitle applies only to a health benefit plan that:

27 (1) covers:

28 (I) eligible employees of small employers in the State; [and]

29 (II) AN INDIVIDUAL UNDER AN INDIVIDUAL POLICY;

30 (III) AN INDIVIDUAL WHOSE ANNUAL FAMILY INCOME IS ABOVE  
31 350% OF THE FEDERAL POVERTY LEVEL AND WHO DOES NOT ACCEPT  
32 EMPLOYER-SPONSORED INSURANCE; AND

33 (2) is issued or renewed on or after July 1, 1994, if:



1 (i) any part of the premium or benefits is paid by or on behalf of  
2 the small employer;

3 (ii) any eligible employee or dependent is reimbursed, through  
4 wage adjustments or otherwise, by or on behalf of the small employer for any part of  
5 the premium;

6 (iii) the health benefit plan is treated by the employer or any  
7 eligible employee or dependent as part of a plan or program under the United States  
8 Internal Revenue Code, 26 U.S.C. § 106, § 125, or § 162; [or]

9 (iv) the small employer allows eligible employees to pay for the  
10 health benefit plan through payroll deductions; OR

11 (V) THE HEALTH BENEFIT PLAN COVERS:

12 1. AN INDIVIDUAL UNDER AN INDIVIDUAL POLICY; OR

13 2. AN INDIVIDUAL WHOSE ANNUAL FAMILY INCOME IS  
14 ABOVE 350% OF THE FEDERAL POVERTY LEVEL AND WHO DOES NOT ACCEPT  
15 EMPLOYER-SPONSORED INSURANCE.

16 (b) A carrier is subject to the requirements of § 15-1403 of this title in  
17 connection with health benefit plans issued under this subtitle.

18 15-1203.

19 (b) (1) A person is considered a small employer under this subtitle if the  
20 person:

21 (i) is an employer that on at least 50% of its working days during  
22 the preceding calendar quarter, employed at least two but not more than [50] 100  
23 eligible employees, the majority of whom are employed in the State; and

24 (ii) is a person actively engaged in business or is the governing body  
25 of:

26 1. a charter home-rule county established under Article  
27 XI-A of the Maryland Constitution;

28 2. a code home-rule county established under Article XI-F of  
29 the Maryland Constitution;

30 3. a commission county established or operating under  
31 Article 25 of the Code; or

32 4. a municipal corporation established or operating under  
33 Article XI-E of the Maryland Constitution.

34 (2) Notwithstanding paragraph (1)(i) of this subsection:

1 (i) a person is considered a small employer under this subtitle if  
 2 the employer did not exist during the preceding calendar year but on at least 50% of  
 3 the working days during its first year the employer employs at least two but not more  
 4 than [50] 100 eligible employees and otherwise satisfies the conditions of paragraph  
 5 (1)(i) of this subsection; and

6 (ii) if the federal Employee Retirement Income Security Act  
 7 (ERISA) is amended to exclude employee groups under a specific size, this subtitle  
 8 shall apply to any employee group size that is excluded from that Act.

9 (3) In determining the group size specified under paragraph (1)(i) of this  
 10 subsection:

11 (i) companies that are affiliated companies or that are eligible to  
 12 file a consolidated federal income tax return shall be considered one employer; and

13 (ii) an employee may not be counted who is a part-time employee  
 14 as described in § 15-1210(a)(2) of this subtitle.

15 (4) A carrier may request documentation to verify that a person meets  
 16 the criteria under this subsection to be considered a small employer under this  
 17 subtitle.

18 (5) Notwithstanding paragraph (1)(i) of this subsection, a person is  
 19 considered to continue to be a small employer under this subtitle if the person met the  
 20 conditions of paragraph (1)(i) of this subsection and purchased a health benefit plan  
 21 in accordance with this subtitle, and subsequently eliminated all but one employee.

## 22 **Article - Tax - General**

23 12-105.

24 (a) The tobacco tax rate for cigarettes is:

25 (1) [50] 68 cents for each package of 10 or fewer cigarettes;

26 (2) [\$1.00] \$1.36 for each package of at least 11 and not more than 20  
 27 cigarettes;

28 (3) [5.0] 6.8 cents for each cigarette in a package of more than 20  
 29 cigarettes; and

30 (4) [5.0] 6.8 cents for each cigarette in a package of free sample  
 31 cigarettes.

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

**Article - Health - General**

1 8-101.

2 (a) In this title the following words have the meanings indicated.

3 (b) "Administration" means the Alcohol and Drug Abuse Administration.

4 8-402.

5 (a) The Administration shall:

6 (1) Plan and encourage development of, and coordinate the facilities and  
7 services that offer treatment, care, or rehabilitation for alcohol and drug abusers; and

8 (2) Adopt regulations:

9 (i) To set standards for treatment, care, and rehabilitation of  
10 alcohol and drug abusers; and

11 (ii) To ensure that before a facility is certified under this title to  
12 provide treatment, care, or rehabilitation of alcohol or drug abusers, an opportunity to  
13 comment, concerning whether the facility meets certification requirements, is  
14 provided to representatives of the county government and, if in a municipal  
15 corporation, the municipal government and to private citizens in the community  
16 where the facility is proposed to be located.

17 [(b) The Administration may establish and operate or identify facilities and  
18 services, including evaluation facilities to determine if an individual is a drug abuser  
19 or alcohol abuser or dependent on drugs or alcohol.

20 (c) A facility that the Administration operates or contracts to be operated is a  
21 health facility and is not, for any purpose, a correctional institution.

22 (d) An individual may not be discriminated against based on an inability to  
23 pay for any services provided by the Administration either directly or by contract.

24 (e) To carry out the purposes of this title, the Administration may contract  
25 with any appropriate public or private agency that has proper and adequate  
26 treatment facilities, services, and staff.

27 (f) (B) (1) The Administration shall evaluate the success and effectiveness  
28 of each alcohol abuse and drug abuse treatment program licensed or certified under  
29 this subtitle by performing outcome research studies on a representative sample of  
30 individuals who have received treatment under those programs to determine the  
31 extent to which the individuals:

32 (i) Have been successfully discharged from the treatment program;

33 and  
34

1 (ii) Have successfully controlled their alcohol and drug abuse  
2 problems after being discharged from the program.

3 (2) The Administration shall adopt any reasonable regulations necessary  
4 to permit the Administration to perform the outcome research studies required under  
5 paragraph (1) of this subsection.

6 (3) The outcome research studies shall be conducted in a manner to  
7 protect the confidentiality of the individual and in accordance with the provisions of  
8 Subtitle 6 of this title.

9 (4) The Administration shall establish an Alcohol and Drug Abuse  
10 Treatment Research Advisory Committee to:

11 (i) Develop the methodology necessary to conduct the outcome  
12 research studies; and

13 (ii) Advise the Administration on any reasonable regulations  
14 necessary to perform the outcome research studies in accordance with this subsection.  
15 8-403.

16 (a) In this section, "alcohol abuse and drug abuse treatment [program]":

17 (1) Means] PROGRAM" MEANS any individual or organization that  
18 provides treatment, care, or rehabilitation for individuals who show the effects of  
19 drug abuse or alcohol abuse, and represents or advertises itself as an alcohol abuse or  
20 drug abuse treatment [program; and

21 (2) Includes a program or facility that is owned or operated by this State  
22 or any of its political subdivisions] PROGRAM.

23 (b) Except as otherwise provided in this section, an alcohol abuse and drug  
24 abuse treatment program shall be certified by the Department before program  
25 services may be provided in this State.

26 (c) This section does not apply to:

27 (1) A health professional licensed under the Health Occupations Article  
28 who is treating patients within the scope of the professional's practice and who does  
29 not advertise the practice as an alcohol abuse or drug abuse program;

30 (2) Alcoholics Anonymous, Narcotics Anonymous, transitional housing  
31 programs, or other similar organizations, if the organization holds meetings or  
32 provides support services to help individuals who show the effects of drug abuse or  
33 alcohol abuse; or

34 (3) An employees' assistance program of a business entity.

35 (d) Unless requested, the certification requirements of this section do not  
36 apply to a hospital as defined in § 19-301 of this article accredited by the Joint

1 Commission on Accreditation of Hospitals with a separately accredited alcohol and  
2 drug abuse program.

3 (e) An intermediate care facility, alcoholic (type C or D), shall be certified as  
4 an intermediate care alcohol abuse and drug abuse treatment facility.

5 10-104.

6 (A) Notwithstanding any other provision of law, this title applies to a person  
7 who is licensed under Title 19 of this article if the person provides care or treatment  
8 to individuals who have mental disorders.

9 (B) THE DEPARTMENT SHALL PROVIDE SERVICES UNDER THIS TITLE TO AN  
10 INDIVIDUAL WHO:

11 (1) IS UNINSURED;

12 (2) IS ENROLLED IN THE MARYLAND MEDICAL ASSISTANCE PROGRAM;  
13 OR

14 (3) HAS HEALTH COVERAGE IN A PUBLIC OR PRIVATE PROGRAM, IF THE  
15 INDIVIDUAL IS CHARGED AT FULL COST FOR SERVICES PROVIDED UNDER THIS  
16 TITLE.

17 10-901.

18 (a) (1) The Secretary shall adopt rules and regulations that set standards  
19 for:

20 (i) Eligibility for State funding of local mental health programs  
21 under Part I of this subtitle;

22 (ii) Qualifications of staff and quality of professional services of  
23 eligible programs;

24 (iii) Eligibility for AND COSTS OF receiving services under eligible  
25 programs; and

26 (iv) Accreditation of a facility as defined in § 10-101(e) of this title.

27 (2) The Secretary may consider accreditation by the Joint Commission  
28 on Accreditation of Healthcare Organizations (JCAHO) or the Commission on  
29 Accreditation of Rehabilitation Facilities (CARF), whichever is appropriate, as  
30 meeting the rules and regulations adopted under this subtitle.

31 (3) The rules and regulations shall ensure:

32 (i) That an individual is not discriminated against based on an  
33 inability to pay for services; and

1 (ii) That an individual is not discriminated against or denied  
2 community-based mental health services based on the individual's lack of a fixed  
3 address or because the individual is homeless.

4 (b) The Secretary shall:

5 (1) Through the regional mental health director, provide a county with  
6 consultative staff services to help ascertain local needs and plan and establish local  
7 mental health programs;

8 (2) Review and evaluate local programs and personnel practices;

9 (3) Make recommendations to the governing body, health officer of a  
10 county, and the director of the Montgomery County Department of Health and  
11 Human Services on the local program and personnel practices;

12 (4) Review and either approve or disapprove the plans and budgets that  
13 a county governing body submits for State funding under Part I of this subtitle; and

14 (5) Exercise any other power or duty required to carry out Part I of this  
15 subtitle.

16 SECTION 8. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
17 read as follows:

18 **Article - Health - General**

19 15-103.

20 (a) (1) The Secretary shall administer the Maryland Medical Assistance  
21 Program.

22 (2) The Program:

23 (i) Subject to the limitations of the State budget, shall provide  
24 comprehensive medical and other health care services for indigent individuals or  
25 medically indigent individuals or both;

26 (ii) Shall provide, subject to the limitations of the State budget,  
27 comprehensive medical and other health care services for all eligible pregnant women  
28 whose family income is at or below 250 percent of the poverty level, as permitted by  
29 the federal law;

30 (iii) Shall provide, subject to the limitations of the State budget,  
31 comprehensive medical and other health care services for all eligible children  
32 currently under the age of 1 whose family income falls below 185 percent of the  
33 poverty level, as permitted by federal law;

34 (iv) Shall provide, subject to the limitations of the State budget,  
35 family planning services to women currently eligible for comprehensive medical care

1 and other health care under item (ii) of this paragraph for 5 years after the second  
2 month following the month in which the woman delivers her child;

3 (v) Shall provide, subject to the limitations of the State budget,  
4 comprehensive medical and other health care services for all children from the age of  
5 1 year up through and including the age of 5 years whose family income falls below  
6 133 percent of the poverty level, as permitted by the federal law;

7 (vi) Shall provide, subject to the limitations of the State budget,  
8 comprehensive medical care and other health care services for all children born after  
9 September 30, 1983 who are at least 6 years of age but are under 19 years of age  
10 whose family income falls below 100 percent of the poverty level, as permitted by  
11 federal law;

12 (vii) Shall provide, subject to the limitations of the State budget,  
13 comprehensive medical care and other health care services for all legal immigrants  
14 who meet Program eligibility standards and who arrived in the United States before  
15 August 22, 1996, the effective date of the federal Personal Responsibility and Work  
16 Opportunity Reconciliation Act, as permitted by federal law;

17 (viii) Shall provide, subject to the limitations of the State budget and  
18 any other requirements imposed by the State, comprehensive medical care and other  
19 health care services for all legal immigrant children under the age of 18 years and  
20 pregnant women who meet Program eligibility standards and who arrived in the  
21 United States on or after August 22, 1996, the effective date of the federal Personal  
22 Responsibility and Work Opportunity Reconciliation Act;

23 (ix) Shall provide, subject to the limitations of the State budget and  
24 any other requirements imposed by the State, comprehensive medical care and other  
25 health care services for all parents whose annual household income is at or below  
26 [100] 150 percent of the federal poverty level;

27 (x) May include bedside nursing care for eligible Program  
28 recipients; and

29 (xi) Shall provide services in accordance with funding restrictions  
30 included in the annual State budget bill.

31 (3) Subject to restrictions in federal law or waivers, the Department may  
32 impose cost-sharing on Program recipients.

33 (4) In administering the Program, the Department:

34 (i) May not require an asset test for parents and children;

35 (ii) Shall allow self-declaration of income and eligibility  
36 information required for the application process, except where the State has reason to  
37 question the information provided;

1 (iii) Shall establish renewal procedures that allow enrollees to verify  
2 information by mail; and

3 (iv) Shall guarantee an enrollment period for 12 months, except in  
4 cases of fraud or misrepresentation in the application.

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

7 **Article - Insurance**

8 Part I. [Maryland Health Insurance Plan] MDCARE.

9 14-501.

10 (a) In this subtitle the following words have the meanings indicated.

11 (b) "Administrator" means:

12 (1) a person that is registered as an Administrator under Title 8, Subtitle  
13 3 of this article; or

14 (2) a carrier as defined under subsection (d) of this section.

15 (c) "Board" means the Board of Directors for [the Maryland Health Insurance  
16 Plan] MDCARE.

17 (d) "Carrier" means:

18 (1) an authorized insurer that provides health insurance in the State;

19 (2) a nonprofit health service plan that is licensed to operate in the  
20 State; or

21 (3) a health maintenance organization that is licensed to operate in the  
22 State.

23 (e) "Fund" means the [Maryland Health Insurance Plan] MDCARE Fund.

24 [(f) (1) "Medically uninsurable individual" means an individual who is a  
25 resident of the State and who:

26 (i) provides evidence that, for health reasons, a carrier has refused  
27 to issue substantially similar coverage to the individual;

28 (ii) provides evidence that, for health reasons, a carrier has refused  
29 to issue substantially similar coverage to the individual, except at a rate that exceeds  
30 the Plan rate;

31 (iii) satisfies the definition of "eligible individual" under § 15-1301  
32 of this article;



1 (iv) has a history of or suffers from a medical or health condition  
2 that is included on a list promulgated in regulation by the Board; or

3 (v) is a dependent of an individual who is eligible for coverage  
4 under this subsection.

5 (2) "Medically uninsurable individual" does not include an individual  
6 who is eligible for coverage under:

7 (i) the federal Medicare program;

8 (ii) the Maryland Medical Assistance Program;

9 (iii) the Maryland Children's Health Program; or

10 (iv) an employer-sponsored group health insurance plan that  
11 includes benefits comparable to Plan benefits.

12 (g) "Plan" means the Maryland Health Insurance Plan.]

13 [(h)] (F) "Plan of operation" means the articles, bylaws, and operating rules  
14 and procedures adopted by the Board in accordance with § 14-503 of this subtitle.

15 (G) (1) "UNINSURED INDIVIDUAL" MEANS AN INDIVIDUAL:

16 (I) WHO IS A RESIDENT OF THE STATE;

17 (II) WHOSE ANNUAL FAMILY INCOME:

18 1. IN FISCAL YEAR 2005, IS BELOW 150% OF THE FEDERAL  
19 POVERTY LEVEL; OR

20 2. IN FISCAL YEAR 2006 AND EACH FISCAL YEAR  
21 THEREAFTER, IS BELOW 350% OF THE FEDERAL POVERTY LEVEL; AND

22 (III) WHOSE EMPLOYER OFFERS HEALTH INSURANCE COVERAGE  
23 THAT:

24 1. DOES NOT OFFER BENEFITS COMPARABLE TO THE  
25 COMPREHENSIVE STANDARD HEALTH BENEFIT PLAN UNDER § 15-1207 OF THIS  
26 ARTICLE; OR

27 2. COSTS MORE THAN 3% OF THE INCOME OF THE  
28 UNINSURED INDIVIDUAL FOR INDIVIDUAL COVERAGE OR MORE THAN 6% OF THE  
29 INCOME OF THE UNINSURED INDIVIDUAL FOR FAMILY COVERAGE.

30 (2) "UNINSURED INDIVIDUAL" DOES NOT INCLUDE AN INDIVIDUAL:

31 (I) WHO IS ELIGIBLE FOR COVERAGE UNDER:

32 1. THE FEDERAL MEDICARE PROGRAM;

- 1                                   2.       THE MARYLAND MEDICAL ASSISTANCE PROGRAM;
- 2                                   3.       THE MARYLAND CHILDREN'S HEALTH PROGRAM; OR
- 3                                   4.       AN EMPLOYER-SPONSORED GROUP HEALTH INSURANCE
- 4 PLAN THAT INCLUDES BENEFITS COMPARABLE TO MDCARE BENEFITS AND DOES
- 5 NOT COST MORE THAN 3% OF THE INCOME OF THE UNINSURED INDIVIDUAL FOR
- 6 INDIVIDUAL COVERAGE OR MORE THAN 6% OF THE INCOME OF THE UNINSURED
- 7 INDIVIDUAL FOR FAMILY COVERAGE; OR

8                                   (II)     WHOSE EMPLOYER, IN THE LAST 6 MONTHS:

- 9                                   1.       TERMINATED THE INDIVIDUAL'S COVERAGE;
- 10                                  2.       DECREASED BENEFITS BELOW THE LEVEL REQUIRED IN
- 11 THE COMPREHENSIVE STANDARD HEALTH BENEFIT PLAN UNDER § 15-1207 OF THIS
- 12 ARTICLE; OR
- 13                                  3.       INCREASED THE COST OF COVERAGE TO BE MORE THAN
- 14 3% OF THE INCOME OF THE UNINSURED INDIVIDUAL FOR INDIVIDUAL COVERAGE OR
- 15 MORE THAN 6% OF THE INCOME OF THE UNINSURED INDIVIDUAL FOR FAMILY
- 16 COVERAGE.

17 14-502.

18       (a)     There is a [Maryland Health Insurance Plan] MDCARE PROGRAM.

19       (b)     [The Plan] MDCARE is an independent unit that operates within the

20 Administration.

21       (c)     The purpose of [the Plan is to decrease uncompensated care costs by

22 providing access to affordable, comprehensive health benefits for medically

23 uninsurable residents of the State by July 1, 2003] MDCARE IS TO PROVIDE

24 AFFORDABLE, COMPREHENSIVE HEALTH BENEFITS FOR UNINSURED INDIVIDUALS

25 WITHOUT ACCESS TO AFFORDABLE, EMPLOYER-SPONSORED HEALTH COVERAGE.

26       (d)     It is the intent of the General Assembly that [the Plan] MDCARE operate

27 as a nonprofit entity and that Fund revenue, to the extent consistent with good

28 business practices, be used to subsidize health insurance coverage for [medically

29 uninsurable individuals] UNINSURED INDIVIDUALS.

30 14-503.

31       (a)     There is a Board for [the Plan] MDCARE.

32       (b)     [The Plan] MDCARE shall operate subject to the supervision and control of

33 the Board.

34       (c)     The Board consists of five members, of whom:

35                   (1)     one shall be the Commissioner;

1           (2)     one shall be the Executive Director of the Maryland Health Care  
2 Commission;

3           (3)     one shall be the Executive Director of the Health Services Cost  
4 Review Commission;

5           (4)     one shall be the Secretary of the Department of Budget and  
6 Management; and

7           (5)     one shall be appointed by the Director of the Health, Education, and  
8 Advocacy Unit in the Office of the Attorney General in accordance with subsection (d)  
9 of this section.

10       (d)     (1)     The Board member appointed under subsection (c)(5) of this section  
11 shall be a consumer who does not have a substantial financial interest in a person  
12 regulated under this article or under Title 19, Subtitle 7 of the Health - General  
13 Article.

14           (2)     The term of the consumer member is 4 years.

15           (3)     At the end of a term, the consumer member continues to serve until a  
16 successor is appointed and qualifies.

17           (4)     The consumer member who is appointed after a term has begun  
18 serves only for the rest of the term and until a successor is appointed and qualifies.

19       (e)     Each member of the Board is entitled to reimbursement for expenses  
20 under the Standard State Travel Regulations, as provided in the State budget.

21       (f)     (1)     The Board shall appoint an Executive Director who shall be the chief  
22 administrative officer of [the Plan] MDCARE.

23           (2)     The Executive Director shall serve at the pleasure of the Board.

24           (3)     The Board shall determine the appropriate compensation for the  
25 Executive Director.

26           (4)     Under the direction of the Board, the Executive Director shall  
27 perform any duty or function that is necessary for the operation of [the Plan]  
28 MDCARE.

29       (g)     The Board is not subject to:

30           (1)     the provisions of the State Finance and Procurement Article;

31           (2)     the provisions of Division I of the State Personnel and Pensions  
32 Article that govern the State Personnel Management System; or

33           (3)     the provisions of Divisions II and III of the State Personnel and  
34 Pensions Article.

1 (h) (1) The Board shall adopt a plan of operation for [the Plan] MDCARE.

2 (2) The Board shall submit the plan of operation and any amendment to  
3 the plan of operation to the Commissioner for approval.

4 (i) On an annual basis, the Board shall submit to the Commissioner an  
5 audited financial report of the Fund prepared by an independent certified public  
6 accountant.

7 (j) (1) The Board shall adopt regulations necessary to [operate and  
8 administer the Plan] CARRY OUT THE PROVISIONS OF THIS SUBTITLE.

9 (2) Regulations adopted by the Board may include:

10 (i) residency requirements for [Plan] MDCARE enrollees;

11 (ii) [Plan] MDCARE enrollment procedures; and

12 (iii) any other [Plan] MDCARE requirements as determined by the  
13 Board.

14 (k) In order to maximize volume discounts on the cost of prescription drugs,  
15 the Board may aggregate the purchasing of prescription drugs for enrollees in [the  
16 Plan] MDCARE, [and] enrollees in the Senior Prescription Drug Program established  
17 under Part II of this [subtitle] SUBTITLE, AND ENROLLEES IN THE MARYLAND  
18 MEDICAL ASSISTANCE PROGRAM, AS ALLOWED BY FEDERAL LAW OR WAIVER.

19 14-504.

20 (a) (1) There is a [Maryland Health Insurance Plan] MDCARE Fund.

21 (2) The Fund is a special nonlapsing fund that is not subject to § 7-302 of  
22 the State Finance and Procurement Article.

23 (3) The Treasurer shall separately hold and the Comptroller shall  
24 account for the Fund.

25 (4) The Fund shall be invested and reinvested at the direction of the  
26 Board in a manner that is consistent with the requirements of Title 5, Subtitle 6 of  
27 this article.

28 (5) Any investment earnings shall be retained to the credit of the Fund.

29 (6) On an annual basis, the Fund shall be subject to an independent  
30 actuarial review setting forth an opinion relating to reserves and related actuarial  
31 items held in support of policies and contracts.

32 (7) The Fund shall be used only to provide funding for the purposes  
33 authorized under this subtitle.

34 (b) The Fund shall consist of:

- 1 (1) premiums for coverage that [the Plan] MDCARE issues;
- 2 (2) premiums paid by enrollees of the Senior Prescription Drug Program;
- 3 (3) money collected in accordance with § 19-219 of the Health - General  
4 Article;
- 5 (4) money deposited by a carrier in accordance with § 14-513 of this  
6 subtitle;
- 7 (5) income from investments that the Board makes or authorizes on  
8 behalf of the Fund;
- 9 (6) interest on deposits or investments of money from the Fund; [and]
- 10 (7) money collected by the Board as a result of legal or other actions  
11 taken by the Board on behalf of the Fund; AND
- 12 (8) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND.

13 (c) The Board shall take steps necessary to ensure that [Plan] MDCARE  
14 enrollment does not exceed the number of enrollees [the Plan] MDCARE has the  
15 financial capacity to insure.

16 (d) (1) In addition to the operation and administration of [the Plan]  
17 MDCARE, the Fund shall be used for the operation and administration of the Senior  
18 Prescription Drug Program established under Part II of this subtitle.

19 (2) The Board shall maintain separate accounts within the Fund for the  
20 Senior Prescription Drug Program and [the Maryland Health Insurance Plan]  
21 MDCARE.

22 (3) Accounts within the Fund shall contain those moneys that are  
23 intended to support the operation of the Program for which the account is designated.

24 [(e) A debt or obligation of the Plan is not a debt of the State or a pledge of  
25 credit of the State.]

26 14-505.

27 (a) (1) The Board shall establish a standard benefit package to be offered by  
28 [the Plan] MDCARE.

29 (2) THE BENEFIT PACKAGE:

30 (I) MAY NOT RESTRICT THE NUMBER OF DAYS AUTHORIZED FOR  
31 INPATIENT PSYCHIATRIC CARE; AND

32 (II) SHALL INCLUDE THE FOLLOWING:

- 1                                   1.       BENEFITS EQUAL TO THE COMPREHENSIVE STANDARD  
2 HEALTH BENEFIT PLAN UNDER § 15-1207 OF THIS ARTICLE;
- 3                                   2.       DENTAL SERVICES;
- 4                                   3.       HEARING AIDS;
- 5                                   4.       SMOKING CESSATION PROGRAMS; AND
- 6                                   5.       CORE PREVENTIVE SERVICES RECOMMENDED BY THE  
7 UNITED STATES PREVENTATIVE SERVICES TASK FORCE.

8                   [(2)     The Board may exclude from the benefit package:

9                           (i)     a health care service, benefit, coverage, or reimbursement for  
10 covered health care services that is required under this article or the Health -  
11 General Article to be provided or offered in a health benefit plan that is issued or  
12 delivered in the State by a carrier; or

13                           (ii)    reimbursement required by statute, by a health benefit plan for  
14 a service when that service is performed by a health care provider who is licensed  
15 under the Health Occupations Article and whose scope of practice includes that  
16 service.]

17       (B)     (1)     THIS SUBSECTION ONLY APPLIES TO FISCAL YEAR 2005.

18                   (2)     THE BOARD MAY NOT CHARGE A PREMIUM FOR AN UNINSURED  
19 INDIVIDUAL.

20                   (3)     FOR AN UNINSURED INDIVIDUAL WITH AN ANNUAL FAMILY INCOME  
21 AT OR BELOW 100% OF THE FEDERAL POVERTY LEVEL, THE BOARD MAY NOT IMPOSE  
22 ANY COST-SHARING REQUIREMENTS.

23                   (4)     FOR AN UNINSURED INDIVIDUAL WITH AN ANNUAL FAMILY INCOME  
24 ABOVE 100% BUT BELOW 150% OF THE FEDERAL POVERTY LEVEL, THE BOARD:

25                           (I)     MAY NOT REQUIRE A DEDUCTIBLE; AND

26                           (II)    SHALL REQUIRE:

27                                   1.     A \$10 COPAY; AND

28                                   2.     10% COINSURANCE ON PRESCRIPTION DRUGS AND  
29 SERVICES.

30       (C)     (1)     THIS SUBSECTION APPLIES TO FISCAL YEAR 2006 AND EACH FISCAL  
31 YEAR THEREAFTER.

32                   (2)     (I)     THE BOARD:

1                                   1.       MAY NOT CHARGE A PREMIUM FOR AN UNINSURED  
2 INDIVIDUAL WHOSE ANNUAL FAMILY INCOME IS AT OR BELOW 150% OF THE  
3 FEDERAL POVERTY LEVEL; AND

4                                   2.       SHALL ESTABLISH A SLIDING SCALE PREMIUM RATE FOR  
5 AN UNINSURED INDIVIDUAL WHOSE ANNUAL FAMILY INCOME IS ABOVE 200% BUT  
6 BELOW 350% OF THE FEDERAL POVERTY LEVEL.

7                                   (II)     A SLIDING SCALE PREMIUM RATE ESTABLISHED UNDER  
8 SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL RANGE BETWEEN 1.75% AND 2.5% OF  
9 AN UNINSURED INDIVIDUAL'S ANNUAL FAMILY INCOME.

10                               (3)     FOR AN UNINSURED INDIVIDUAL WITH AN ANNUAL FAMILY INCOME  
11 AT OR BELOW 100% OF THE FEDERAL POVERTY LEVEL, THE BOARD MAY NOT IMPOSE  
12 ANY COST SHARING REQUIREMENTS.

13                               (4)     FOR AN UNINSURED INDIVIDUAL WITH AN ANNUAL FAMILY INCOME  
14 ABOVE 100% BUT BELOW 200% OF THE FEDERAL POVERTY LEVEL, THE BOARD:

15                               (I)     MAY NOT REQUIRE A DEDUCTIBLE; AND

16                               (II)    SHALL REQUIRE:

17                                   1.       A \$10 COPAY; AND

18                                   2.       10% COINSURANCE ON PRESCRIPTION DRUGS AND  
19 SERVICES.

20                               (5)     FOR AN UNINSURED INDIVIDUAL WITH AN ANNUAL FAMILY INCOME  
21 AT OR ABOVE 200% BUT BELOW 350% OF THE FEDERAL POVERTY LEVEL, THE BOARD  
22 SHALL REQUIRE:

23                               (I)     A \$200 DEDUCTIBLE FOR THE UNINSURED INDIVIDUAL AND  
24 EACH FAMILY MEMBER OF THE UNINSURED INDIVIDUAL;

25                               (II)    A \$10 COPAY; AND

26                               (III)   20% COINSURANCE ON PRESCRIPTION DRUGS AND SERVICES.

27    [(b)   (1)     The Board shall establish a premium rate for Plan coverage subject to  
28 review and approval by the Commissioner.

29                               (2)     The premium rate may vary only on the basis of family composition.

30    (c)   (1)     The Board shall determine a standard risk rate by considering the  
31 premium rates charged by carriers in the State for coverage comparable to that of the  
32 Plan.

33                               (2)     The premium rate for Plan coverage:

1 (i) may not be less than 110% of the standard risk rate established  
2 under paragraph (1) of this subsection; and

3 (ii) may not exceed 200% of the standard risk rate.

4 (3) Premium rates shall be reasonably calculated to encourage  
5 enrollment in the Plan.]

6 (d) Losses incurred by [the plan] MDCARE shall be subsidized by the Fund.

7 14-506.

8 (a) (1) The Board shall select [an Administrator] ONE OR MORE  
9 ADMINISTRATORS to administer [the Plan] MDCARE.

10 (2) [The] AN Administrator shall be selected based on criteria adopted  
11 by the Board in regulation, which shall include:

12 (i) the Administrator's proven ability to provide health insurance  
13 coverage to individuals;

14 (ii) the efficiency and timeliness of the Administrator's claim  
15 processing procedures;

16 (iii) an estimate of total charges for administering the MDCARE  
17 Fund;

18 (iv) the Administrator's proven ability to apply effective cost  
19 containment programs and procedures; and

20 (v) the financial condition and stability of the Administrator.

21 (b) [The] AN Administrator shall serve for a period of time specified in its  
22 contract with [the Plan] MDCARE subject to removal for cause and any other terms,  
23 conditions, and limitations contained in the contract.

24 (c) [The] AN Administrator shall perform functions relating to [the Plan]  
25 MDCARE as required by the Board, including:

26 (1) determination of eligibility;

27 (2) data collection;

28 (3) case management;

29 (4) financial tracking and reporting;

30 (5) payment of claims; and

31 (6) premium billing.



1 (d) (1) Each year, [the Plan] A MDCARE Administrator shall submit to the  
2 Commissioner an accounting of medical claims incurred, administrative expenses,  
3 and premiums collected.

4 (2) [Plan] MDCARE losses shall be certified by the Commissioner in  
5 accordance with paragraph (3) of this subsection and returned to the Administrator  
6 by the Board.

7 (3) Administrative expenses and fees shall be paid as provided in [the]  
8 AN Administrator's contract with the Board.

9 (e) (1) The Board may contract with a qualified, independent third party for  
10 any service necessary to carry out the powers and duties of the Board.

11 (2) Unless permission is granted specifically by the Board, a third party  
12 hired by the Board may not release, publish, or otherwise use any information to  
13 which the third party had access under its contract.

14 (f) [The] AN Administrator shall submit regular reports to the Board  
15 regarding the operation of [the Plan] MDCARE.

16 (g) [The] AN Administrator shall submit an annual report to the Board that  
17 includes:

18 (1) the net written and earned premiums for the year;

19 (2) the expense of the administration for the year; and

20 (3) the paid and incurred losses for the year.

21 14-507.

22 It is unlawful and a violation of this article for a carrier, insurance producer, or  
23 third party administrator to refer an individual employee to [the Plan] MDCARE, or  
24 arrange for an individual employee to apply to [the Plan] MDCARE, for the purpose of  
25 separating that employee from the group health insurance coverage provided through  
26 the employee's employer.

27 14-508.

28 (A) IN COLLABORATION WITH HOSPITALS, PHYSICIANS, AND OTHER HEALTH  
29 CARE PRACTITIONERS IN THE STATE, THE BOARD SHALL ESTABLISH THE MARYLAND  
30 QUALITY INSTITUTE.

31 (B) THE MARYLAND QUALITY INSTITUTE SHALL:

32 (1) FOCUS ON IMPROVING THE QUALITY OF HEALTH CARE FOR  
33 RESIDENTS OF THE STATE; AND

1           (2)     DEVELOP STANDARDIZED CLINICAL PRACTICE GUIDELINES TO BE  
2 DISTRIBUTED TO PRIVATE AND PUBLIC HEALTH PLANS AND PROVIDER  
3 ORGANIZATIONS IN THE STATE.

4 14-509.

5     (A)     THERE IS A MDCARE UNIVERSAL COVERAGE OVERSIGHT COMMISSION.

6     (B)     THE PURPOSE OF THE COMMISSION IS TO STUDY THE IMPLEMENTATION  
7 OF UNIVERSAL HEALTH COVERAGE.

8     (C)     THE COMMISSION CONSISTS OF:

9           (1)     THE COMMISSIONER;

10          (2)     THE SECRETARY OF HEALTH AND MENTAL HYGIENE;

11          (3)     THE CHAIRMAN OF THE MARYLAND HEALTH CARE COMMISSION;  
12 AND

13          (4)     THE FOLLOWING FOUR MEMBERS APPOINTED JOINTLY BY THE  
14 PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE:

15                 (I)     A HEALTH ECONOMIST;

16                 (II)    A HEALTH CARE PRACTITIONER IN THE STATE;

17                 (III)   A BUSINESS REPRESENTATIVE; AND

18                 (IV)   A CONSUMER REPRESENTATIVE NOMINATED BY THE  
19 MARYLAND CITIZEN'S HEALTH INITIATIVE.

20     (D)     THE COMMISSION SHALL ELECT A CHAIRMAN FROM AMONG ITS  
21 MEMBERS.

22     (E)     THE MARYLAND HEALTH CARE COMMISSION SHALL STAFF THE  
23 COMMISSION.

24     (F)     THE COMMISSION SHALL STUDY:

25           (1)     THE STATE'S PROGRESS TOWARD ACHIEVING UNIVERSAL HEALTH  
26 COVERAGE;

27           (2)     APPROPRIATE MEANS OF CLOSING ANY GAPS IN UNIVERSAL HEALTH  
28 COVERAGE;

29           (3)     THE IMPACT OF THE EMPLOYER COVERAGE REQUIREMENT ON  
30 EMPLOYMENT LEVELS IN THE STATE; AND

1 (4) THE APPROPRIATENESS OF THE MDCARE BENEFIT PACKAGE,  
 2 INCLUDING WAYS TO FINANCE ANY RECOMMENDED CHANGES TO THE BENEFIT  
 3 PACKAGE.

4 (G) ON OR BEFORE SEPTEMBER 1, 2008, AND ON OR BEFORE EACH SEPTEMBER  
 5 1 THEREAFTER, THE COMMISSION SHALL REPORT ITS FINDINGS AND  
 6 RECOMMENDATIONS TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE  
 7 GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY.

8 14-510.

9 (a) In Part II of this subtitle the following words have the meanings indicated.

10 (b) "Eligible individual" means an individual who:

11 (1) is a resident of Maryland;

12 (2) is a Medicare beneficiary;

13 (3) is not enrolled in a Medicare Plus Choice managed care program or  
 14 other insurance program that provides prescription drug benefits at the time that the  
 15 individual applies for enrollment in [the Plan] MDCARE;

16 (4) has an annual household income at or below 300% of the federal  
 17 poverty guidelines; and

18 (5) pays the premium and copayments for [the Plan] MDCARE.

19 (c) "Enrollee" means an individual enrolled in [the Plan] MDCARE.

20 (d) "Program" means the Senior Prescription Drug Program established under  
 21 Part II of this subtitle.

22 SECTION 10. BE IT FURTHER ENACTED, That the Laws of Maryland read  
 23 as follows:

24 **Article - Health - General**

25 15-103.

26 (a) (1) The Secretary shall administer the Maryland Medical Assistance  
 27 Program.

28 (2) The Program:

29 (i) Subject to the limitations of the State budget, shall provide  
 30 comprehensive medical and other health care services for indigent individuals or  
 31 medically indigent individuals or both;

32 (ii) Shall provide, subject to the limitations of the State budget,  
 33 comprehensive medical and other health care services for all eligible pregnant women

1 whose family income is at or below 250 percent of the poverty level, as permitted by  
2 the federal law;

3 (iii) Shall provide, subject to the limitations of the State budget,  
4 comprehensive medical and other health care services for all eligible children  
5 currently under the age of 1 whose family income falls below 185 percent of the  
6 poverty level, as permitted by federal law;

7 (iv) Shall provide, subject to the limitations of the State budget,  
8 family planning services to women currently eligible for comprehensive medical care  
9 and other health care under item (ii) of this paragraph for 5 years after the second  
10 month following the month in which the woman delivers her child;

11 (v) Shall provide, subject to the limitations of the State budget,  
12 comprehensive medical and other health care services for all children from the age of  
13 1 year up through and including the age of 5 years whose family income falls below  
14 133 percent of the poverty level, as permitted by the federal law;

15 (vi) Shall provide, subject to the limitations of the State budget,  
16 comprehensive medical care and other health care services for all children born after  
17 September 30, 1983 who are at least 6 years of age but are under 19 years of age  
18 whose family income falls below 100 percent of the poverty level, as permitted by  
19 federal law;

20 (vii) Shall provide, subject to the limitations of the State budget,  
21 comprehensive medical care and other health care services for all legal immigrants  
22 who meet Program eligibility standards and who arrived in the United States before  
23 August 22, 1996, the effective date of the federal Personal Responsibility and Work  
24 Opportunity Reconciliation Act, as permitted by federal law;

25 (viii) Shall provide, subject to the limitations of the State budget and  
26 any other requirements imposed by the State, comprehensive medical care and other  
27 health care services for all legal immigrant children under the age of 18 years and  
28 pregnant women who meet Program eligibility standards and who arrived in the  
29 United States on or after August 22, 1996, the effective date of the federal Personal  
30 Responsibility and Work Opportunity Reconciliation Act;

31 (ix) Shall provide, subject to the limitations of the State budget and  
32 any other requirements imposed by the State, comprehensive medical care and other  
33 health care services for all parents whose annual household income is at or below  
34 [150] 200 percent of the federal poverty level;

35 (x) May include bedside nursing care for eligible Program  
36 recipients; and

37 (xi) Shall provide services in accordance with funding restrictions  
38 included in the annual State budget bill.

39 (3) Subject to restrictions in federal law or waivers, the Department may  
40 impose cost-sharing on Program recipients.

- 1           (4)     In administering the Program, the Department:
- 2                   (i)     May not require an asset test for parents and children;
- 3                   (ii)    Shall allow self-declaration of income and eligibility  
4 information required for the application process, except where the State has reason to  
5 question the information provided;
- 6                   (iii)   Shall establish renewal procedures that allow enrollees to verify  
7 information by mail; and
- 8                   (iv)   Shall guarantee an enrollment period for 12 months, except in  
9 cases of fraud or misrepresentation in the application.

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

12                                                           **Article - Insurance**

13 15-131.

14    (A)    (1)     IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
15 INDICATED.

16           (2)    (I)     EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
17 SUBSECTION, "EMPLOYER" HAS THE MEANING STATED IN § 10-905 OF THE TAX -  
18 GENERAL ARTICLE.

19                   (II)    "EMPLOYER" DOES NOT INCLUDE THE FEDERAL GOVERNMENT,  
20 THE STATE, ANOTHER STATE, OR A POLITICAL SUBDIVISION OF THE STATE OR OF  
21 ANOTHER STATE.

22           (3)     "PAYROLL TAX" MEANS THE TAX IMPOSED UNDER THIS SECTION.

23           (4)     "SECRETARY" MEANS THE SECRETARY OF LABOR, LICENSING, AND  
24 REGULATION.

25           (5)     "WAGES" HAS THE MEANING STATED IN § 10-905 OF THE TAX -  
26 GENERAL ARTICLE.

27    (B)    EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, EACH  
28 EMPLOYER SHALL PAY TO THE SECRETARY AN ANNUAL PAYROLL TAX:

29           (1)     EQUAL TO 5% OF THE TOTAL WAGES PAID TO EMPLOYEES IN THE  
30 STATE DURING EACH CALENDAR YEAR, IF THE EMPLOYER HAS FEWER THAN 1,000  
31 EMPLOYEES IN THE STATE; OR

32           (2)     EQUAL TO 8% OF THE TOTAL WAGES PAID TO EMPLOYEES IN THE  
33 STATE DURING EACH CALENDAR YEAR, IF THE EMPLOYER HAS MORE THAN 1,000  
34 EMPLOYEES IN THE STATE.

1 (C) AN EMPLOYER MAY CLAIM A CREDIT AGAINST THE PAYROLL TAX, UP TO  
2 THE AMOUNT OF THE TAX IMPOSED, IN AN AMOUNT EQUAL TO THE AMOUNT OF THE  
3 EMPLOYER'S EXPENDITURES DURING THE CALENDAR YEAR TO PROVIDE HEALTH  
4 INSURANCE TO EMPLOYEES IN THE STATE IF THE EMPLOYER'S HEALTH INSURANCE  
5 COSTS ARE DEDUCTIBLE UNDER FEDERAL TAX LAW.

6 (D) AN EMPLOYER MAY NOT DEDUCT THE PAYROLL TAX, WHOLLY OR PARTLY,  
7 FROM THE WAGES OF AN EMPLOYEE.

8 (E) AN EMPLOYER SHALL PAY THE PAYROLL TAX TO THE SECRETARY ON A  
9 PERIODIC BASIS AND SUBMIT TO THE SECRETARY PERIODIC REPORTS FOR THE  
10 DETERMINATION OF THE PAYROLL TAX DUE AS PRESCRIBED BY THE SECRETARY BY  
11 REGULATION.

12 (F) THE SECRETARY SHALL:

13 (1) ADOPT REGULATIONS TO ADMINISTER AND COLLECT THE PAYROLL  
14 TAX;

15 (2) PAY THE REVENUE FROM THE PAYROLL TAX INTO THE GENERAL  
16 FUND OF THE STATE; AND

17 (3) CERTIFY THAT REVENUE TO THE COMPTROLLER.

18 15-132.

19 (A) IN THIS SECTION, "APPLICABLE POVERTY INCOME LEVEL" HAS THE  
20 MEANING STATED IN § 10-709 OF THE TAX - GENERAL ARTICLE.

21 (B) IN ADDITION TO THE TAX IMPOSED UNDER TITLE 10 OF THE TAX -  
22 GENERAL ARTICLE, UNLESS AN INDIVIDUAL DEMONSTRATES TO THE SATISFACTION  
23 OF THE COMPTROLLER THAT THE INDIVIDUAL WAS COVERED BY HEALTH  
24 INSURANCE OFFERING BENEFITS COMPARABLE TO THE COMPREHENSIVE  
25 STANDARD HEALTH BENEFIT PLAN UNDER § 15-1207 OF THIS ARTICLE FOR THE  
26 TAXABLE YEAR:

27 (1) IF THE FEDERAL ADJUSTED GROSS INCOME OF THE INDIVIDUAL, OR  
28 OF THE INDIVIDUAL AND THE INDIVIDUAL'S SPOUSE IF THEY FILE A JOINT INCOME  
29 TAX RETURN, IS EQUAL TO OR GREATER THAN 350% OF THE APPLICABLE POVERTY  
30 INCOME LEVEL, THE INDIVIDUAL SHALL PAY AS ADDITIONAL STATE INCOME TAX  
31 FOR THE TAXABLE YEAR AN AMOUNT EQUAL TO THE HOSPITAL SHARE OF  
32 COMPREHENSIVE STANDARD HEALTH BENEFIT PLAN FOR THE TAXABLE YEAR, AS  
33 ESTABLISHED BY THE MARYLAND HEALTH CARE COMMISSION; AND

34 (2) IF THE FEDERAL ADJUSTED GROSS INCOME OF THE INDIVIDUAL, OR  
35 OF THE INDIVIDUAL AND THE INDIVIDUAL'S SPOUSE IF THEY FILE A JOINT INCOME  
36 TAX RETURN, IS LESS THAN 350% OF THE APPLICABLE POVERTY INCOME LEVEL AND  
37 THE INDIVIDUAL IS ELIGIBLE FOR MDCARE:

1 (I) THE INDIVIDUAL SHALL BE ENROLLED IN MDCARE AND SHALL  
2 PAY AS ADDITIONAL STATE INCOME TAX FOR THE TAXABLE YEAR THE APPLICABLE  
3 MDCARE PREMIUM;

4 (II) THE COMPTROLLER SHALL COORDINATE WITH MDCARE AND  
5 THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE TO DETERMINE ELIGIBILITY  
6 OF THE INDIVIDUAL FOR MDCARE, THE MARYLAND MEDICAL ASSISTANCE PROGRAM,  
7 AND THE MARYLAND CHILDREN'S HEALTH PROGRAM; AND

8 (III) IF THE INDIVIDUAL IS ELIGIBLE FOR MDCARE, THE MARYLAND  
9 MEDICAL ASSISTANCE PROGRAM, OR THE MARYLAND CHILDREN'S HEALTH  
10 PROGRAM, THE INDIVIDUAL SHALL BE AUTOMATICALLY ENROLLED AND ASSESSED A  
11 3-MONTH PREMIUM BY THE COMPTROLLER.

12 (C) NOTWITHSTANDING TITLE 2, SUBTITLE 6 OF THE TAX - GENERAL ARTICLE,  
13 THE COMPTROLLER SHALL DISTRIBUTE THE REVENUE FROM THE ADDITIONAL  
14 STATE INCOME TAX IMPOSED UNDER THIS SECTION AS FOLLOWS:

15 (1) AMOUNTS RECEIVED UNDER SUBSECTION (B)(1) OF THIS SECTION  
16 FROM INDIVIDUALS HAVING FEDERAL ADJUSTED GROSS INCOME EQUAL TO OR  
17 GREATER THAN 350% OF THE APPLICABLE POVERTY INCOME LEVEL SHALL BE  
18 DISTRIBUTED TO A SPECIAL FUND ADMINISTERED BY THE HEALTH SERVICES COST  
19 REVIEW COMMISSION, TO BE USED ONLY TO PROVIDE REIMBURSEMENT FOR  
20 UNCOMPENSATED HEALTH CARE IN THE STATE AS REQUIRED UNDER § 19-214(C) OF  
21 THE HEALTH - GENERAL ARTICLE; AND

22 (2) AMOUNTS RECEIVED UNDER SUBSECTION (B)(2) OF THIS SECTION  
23 FROM INDIVIDUALS HAVING FEDERAL ADJUSTED GROSS INCOME LESS THAN 350%  
24 OF THE APPLICABLE POVERTY INCOME LEVEL SHALL BE DISTRIBUTED TO THE  
25 GENERAL FUND OF THE STATE.

26 SECTION 12. AND BE IT FURTHER ENACTED, That the Department of  
27 Health and Mental Hygiene shall seek approval from the Centers for Medicare and  
28 Medicaid Services of an amendment to the State Medicaid plan that would allow the  
29 State to phase in coverage expansion under the Maryland Medical Assistance  
30 Program for all parents and indigent and medically indigent individuals whose  
31 annual household income is at or below 200 percent of the federal poverty level as  
32 follows:

33 (1) In fiscal year 2004, extend eligibility to each parent or an indigent or  
34 medically indigent individual with an annual household income at or below 100  
35 percent of the federal poverty level;

36 (2) In fiscal year 2005, extend eligibility to each parent or an indigent or  
37 medically indigent individual with an annual household income at or below 150  
38 percent of the federal poverty level; and

39 (3) In fiscal year 2006, extend eligibility to each parent or an indigent or  
40 medically indigent individual with an annual household income at or below 200  
41 percent of the federal poverty level.

1 SECTION 13. AND BE IT FURTHER ENACTED, That the Department of  
2 Health and Mental Hygiene shall submit to the Centers for Medicare and Medicaid  
3 Services a request for an amendment to the State's existing § 1115 of the federal  
4 Social Security Act demonstration waiver for the implementation of the expansion of  
5 the Maryland Pharmacy Discount Program by this Act under § 15-124.1 of the Health  
6 - General Article.

7 SECTION 14. AND BE IT FURTHER ENACTED, That the Department of  
8 Health and Mental Hygiene shall seek approval from the Centers for Medicare and  
9 Medicaid Services of a waiver under § 1115 of the federal Social Security Act that  
10 would allow the State to use Title XXI (S-CHIP) funds to implement the expansion of  
11 MCHP under §§ 15-301 and 15-301.1 of the Health - General Article as enacted by  
12 this Act.

13 SECTION 15. AND BE IT FURTHER ENACTED, That all cigarettes used,  
14 possessed, or held in the State on or after July 1, 2003, by any person for sale or use  
15 in the State, shall be subject to the full tobacco tax of \$1.36 on cigarettes imposed by  
16 this Act. This requirement includes: (1) cigarettes in vending machines or other  
17 mechanical dispensers; and (2) cigarettes (generally referred to as "floor stock") in  
18 packages which already bear stamps issued by the Comptroller under the State  
19 Tobacco Tax Act but for an amount less than the full tax imposed of 68 cents for each  
20 10 cigarettes or fractional part thereof; all cigarettes held for sale by any person in  
21 the State on or after July 1, 2003, that bear a stamp issued by the Comptroller of a  
22 value less than \$1.36 for each pack of 20 cigarettes must be stamped with the  
23 additional stamps necessary to make the aggregate tax value equal to \$1.36. In lieu of  
24 the additional stamps necessary to make the aggregate tax value equal to \$1.36, the  
25 Comptroller may provide an alternate method of collecting the additional tax. The  
26 revenue attributable to this requirement shall be remitted to the Comptroller by  
27 September 30, 2003. Except as provided above, on and after July 1, 2003, no  
28 Maryland stamp shall be used except the stamp issued by the Comptroller to evidence  
29 the tobacco tax on cigarettes of \$1.36 imposed by this Act.

30 SECTION 16. AND BE IT FURTHER ENACTED, That:

31 (a) The Board of MdCare shall develop a state-of-the-art Internet based  
32 "electronic-Care Management" (e-CM) system.

33 (b) The e-CM system's functions shall include verification of eligibility,  
34 referral management, automatic claims submission and direct deposit to provider  
35 accounts, and other functions related to the coordination of patient care.

36 (c) On a phased-in basis, all primary care providers with a significant  
37 MdCare caseload will participate in the e-CM system.

38 (d) The Board shall use state-of-the-art approaches to data security and  
39 privacy in the e-CM system.

40 SECTION 17. AND BE IT FURTHER ENACTED, That subject to the approval  
41 of the Executive Director of the Department of Legislative Services, the publishers of



1 the Annotated Code of Maryland shall propose the correction of cross-references that  
2 are rendered incorrect by this Act.

3 SECTION 18. AND BE IT FURTHER ENACTED, That Section 3 of this Act  
4 shall take effect on the date that the Centers for Medicare and Medicaid Services  
5 approves a waiver amendment applied for in accordance with Section 12 of this Act.  
6 The Department of Health and Mental Hygiene shall, within 5 working days of the  
7 date of the approval of the State's waiver amendment application, notify the  
8 Department of Legislative Services in writing at 90 State Circle, Annapolis, Maryland  
9 21401. If the waiver amendment is denied, Sections 3, 8, and 10 of this Act shall be  
10 null and void without the necessity of further action by the General Assembly.

11 SECTION 19. AND BE IT FURTHER ENACTED, That Section 4 of this Act  
12 shall take effect on the date that the Centers for Medicare and Medicaid Services  
13 approves a waiver amendment applied for in accordance with Section 13 of this Act.  
14 The Department of Health and Mental Hygiene shall, within 5 working days of the  
15 date of the approval of the State's waiver amendment application, notify the  
16 Department of Legislative Services in writing at 90 State Circle, Annapolis, Maryland  
17 21401. If the waiver amendment is denied, Section 4 of this Act shall be null and void  
18 without the necessity of further action by the General Assembly.

19 SECTION 20. AND BE IT FURTHER ENACTED, That Section 5 of this Act  
20 shall take effect on the date that the Centers for Medicare and Medicaid Services  
21 approves a waiver amendment applied for in accordance with Section 14 of this Act.  
22 The Department of Health and Mental Hygiene shall, within 5 working days of the  
23 date of the approval of the State's waiver amendment application, notify the  
24 Department of Legislative Services in writing at 90 State Circle, Annapolis, Maryland  
25 21401. If the waiver amendment is denied, Section 5 of this Act shall be null and void  
26 without the necessity of further action by the General Assembly.

27 SECTION 21. AND BE IT FURTHER ENACTED, That Sections 1, 7, 9, and 16  
28 of this Act shall take effect July 1, 2004.

29 SECTION 22. AND BE IT FURTHER ENACTED, That, subject to Section 18  
30 of this Act, Section 8 of this Act shall take effect July 1, 2004.

31 SECTION 23. AND BE IT FURTHER ENACTED, That Sections 2 and 11 of  
32 this Act shall take effect July 1, 2005.

33 SECTION 24. AND BE IT FURTHER ENACTED, That, subject to Section 18  
34 of this Act, Section 10 of this Act shall take effect July 1, 2005.

35 SECTION 25. AND BE IT FURTHER ENACTED, That, except as provided in  
36 Sections 18, 19, 20, 21, 22, 23, and 24 of this Act, this Act shall take effect July 1,  
37 2003.