

SENATE BILL 557

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2003 Regular Session
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By: **Senators Pinsky, Forehand, and Grosfeld**
Introduced and read first time: January 31, 2003
Assigned to: Finance

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
32 under MdCare to include certain benefits and services; repealing certain
33 exclusions from the benefit package; prohibiting the Board of MdCare from
34 charging a premium rate during a certain fiscal year; prohibiting the Board
35 from imposing any cost-sharing requirements, deductibles, copays, and

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

27 BY repealing

28 Article - Health - General
29 Section 8-403.1; 8-6C-01 through 8-6C-04, inclusive, and the subtitle "Subtitle
30 6C. The Substance Abuse Treatment Outcomes Partnership Fund"; and
31 20-116
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 15-103(a)
37 Annotated Code of Maryland
38 (2000 Replacement Volume and 2002 Supplement)

39 BY repealing and reenacting, with amendments,

40 Article - Health - General
41 Section 15-124.1
42 Annotated Code of Maryland
43 (2000 Replacement Volume and 2002 Supplement)

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

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

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

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

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

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

31 BY repealing and reenacting, with amendments,
32 Article - Health - General
33 Section 8-402, 8-403, 10-104, and 10-901
34 Annotated Code of Maryland
35 (2000 Replacement Volume and 2002 Supplement)

36 BY repealing and reenacting, with amendments,

1 Article - Health - General
2 Section 15-103(a)
3 Annotated Code of Maryland
4 (2000 Replacement Volume and 2002 Supplement)
5 (As enacted by Section 3 of this Act)

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

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

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

23 BY adding to
24 Article - Insurance
25 Section 15-131 and 15-132
26 Annotated Code of Maryland
27 (2002 Replacement Volume and 2002 Supplement)

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

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

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

Article - Health - General

1 15-103.

2 (a) (1) The Secretary shall administer the Maryland Medical Assistance
3 Program.

4 (2) The Program:

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

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

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

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

20 (v) Shall provide, subject to the limitations of the State budget,
21 comprehensive medical and other health care services for all children from the age of
22 1 year up through and including the age of 5 years whose family income falls below
23 133 percent of the poverty level, as permitted by the federal law;

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

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

34 (viii) Shall provide, subject to the limitations of the State budget and
35 any other requirements imposed by the State, comprehensive medical care and other
36 health care services for all legal immigrant children under the age of 18 years and
37 pregnant women who meet Program eligibility standards and who arrived in the
38

1 United States on or after August 22, 1996, the effective date of the federal Personal
2 Responsibility and Work Opportunity Reconciliation Act;

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

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

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

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

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

15 (I) MAY NOT REQUIRE AN ASSET TEST FOR PARENTS AND
16 CHILDREN;

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

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

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

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

26 **Article - Health - General**

27 15-124.1.

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

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

31 (3) "Program" means the Maryland Pharmacy Discount Program
32 established under this section.

33 (b) There is a Maryland Pharmacy Discount Program within the Maryland
34 Medical Assistance Program.

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

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

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

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

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

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

24 (g) The Department may establish mechanisms to:

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

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

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

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

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

Article - Health - General

1 15-301.

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

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

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

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

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

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

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

18 (ii) On an Internet database.

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

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

23 15-301.1.

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

25 (2) "Carrier" means:

26 (i) An insurer;

27 (ii) A nonprofit service plan;

28 (iii) A health maintenance organization; or

29 (iv) Any other person that provides health benefit plans subject to
30 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

2 8-101.

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

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

5 8-402.

6 (a) The Administration shall:

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

9 (2) Adopt regulations:

10 (i) To set standards for treatment, care, and rehabilitation of
11 alcohol and drug abusers; and12 (ii) To ensure that before a facility is certified under this title to
13 provide treatment, care, or rehabilitation of alcohol or drug abusers, an opportunity to
14 comment, concerning whether the facility meets certification requirements, is
15 provided to representatives of the county government and, if in a municipal
16 corporation, the municipal government and to private citizens in the community
17 where the facility is proposed to be located.18 [(b) The Administration may establish and operate or identify facilities and
19 services, including evaluation facilities to determine if an individual is a drug abuser
20 or alcohol abuser or dependent on drugs or alcohol.21 (c) A facility that the Administration operates or contracts to be operated is a
22 health facility and is not, for any purpose, a correctional institution.23 (d) An individual may not be discriminated against based on an inability to
24 pay for any services provided by the Administration either directly or by contract.25 (e) To carry out the purposes of this title, the Administration may contract
26 with any appropriate public or private agency that has proper and adequate
27 treatment facilities, services, and staff.28 (f)] (B) (1) The Administration shall evaluate the success and effectiveness
29 of each alcohol abuse and drug abuse treatment program licensed or certified under
30 this subtitle by performing outcome research studies on a representative sample of
31 individuals who have received treatment under those programs to determine the
32 extent to which the individuals:

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

34 and

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 (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.