

HOUSE BILL 351

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2004 Regular Session
4lr0378
CF 4lr0384

By: **Delegate Hurson**

Introduced and read first time: January 28, 2004

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Health Care Foundation - Repeal**

3 FOR the purpose of terminating the Maryland Health Care Foundation; codifying the
4 provisions of law relating to the Maryland Health Care Trust; altering the
5 trustee of the Maryland Health Care Trust to be the State Treasurer; altering a
6 certain provision of law requiring individuals who are public official members of
7 a board or who are members of the Board of Trustees of the Maryland Health
8 Care Foundation and who receive annual compensation of less than a certain
9 amount to file an annual financial disclosure statement; requiring certain
10 records, furniture, and equipment of the Maryland Health Care Foundation be
11 transferred to certain entities on or before a certain date; authorizing the
12 Governor to transfer certain money and funds of the Maryland Health Care
13 Foundation to the Maryland Health Care Trust; and generally relating to the
14 termination of the Maryland Health Care Foundation.

15 BY repealing

16 Article - Health - General
17 Section 15-101(d) and 15-305; and 20-501 through 20-510 and the subtitle
18 "Subtitle 5. Maryland Health Care Foundation"
19 Annotated Code of Maryland
20 (2000 Replacement Volume and 2003 Supplement)

21 BY repealing

22 Chapter 701 of the Acts of the General Assembly of 2001
23 Section 2

24 BY renumbering

25 Article - Health - General
26 Section 15-101(e), (f), (g), (h), (i), (j), and (k), respectively
27 to be Section 15-101(d), (e), (f), (g), (h), (i), and (j), respectively
28 Annotated Code of Maryland
29 (2000 Replacement Volume and 2003 Supplement)

30 BY repealing and reenacting, with amendments,

1 Article - State Government
 2 Section 6.5-301(b) and 15-601(d)(1)
 3 Annotated Code of Maryland
 4 (1999 Replacement Volume and 2003 Supplement)

5 BY adding to
 6 Article - State Government
 7 Section 6.5-401 to be under the new subtitle "Subtitle 4. Maryland Health Care
 8 Trust"
 9 Annotated Code of Maryland
 10 (1999 Replacement Volume and 2003 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 12 MARYLAND, That Section(s) 15-101(d) and 15-305; and 20-501 through 20-510 and
 13 the subtitle "Subtitle 5. Maryland Health Care Foundation" of Article - Health -
 14 General of the Annotated Code of Maryland be repealed.

15 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 2 of Chapter
 16 701 of the Acts of the General Assembly of 2001 be repealed.

17 SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 15-101(e), (f),
 18 (g), (h), (i), (j), and (k), respectively, of Article - Health - General of the Annotated
 19 Code of Maryland be renumbered to be Section(s) 15-101(d), (e), (f), (g), (h), (i), and (j),
 20 respectively.

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

23 **Article - State Government**

24 6.5-301.

25 (b) An acquisition is not in the public interest unless appropriate steps have
 26 been taken to:

27 (1) ensure that the value of public or charitable assets is safeguarded;

28 (2) ensure that:

29 (i) the fair value of the public or charitable assets of a nonprofit
 30 health service plan or a health maintenance organization will be distributed to the
 31 [Maryland Health Care Foundation that was established in § 20-502 of the Health -
 32 General Article] MARYLAND HEALTH CARE TRUST ESTABLISHED UNDER § 6.5-401 OF
 33 THIS ARTICLE; or

34 (ii) 1. 40% of the fair value of the public or charitable assets of a
 35 nonprofit hospital will be distributed to the [Maryland Health Care Foundation that

1 (4) MONEYS EXPENDED FROM THE TRUST ARE SUPPLEMENTAL TO, AND
2 ARE NOT INTENDED TO TAKE THE PLACE OF, STATE FUNDS THAT WOULD
3 OTHERWISE BE APPROPRIATED BY THE STATE FOR THE IMPROVEMENT OF THE
4 HEALTH CARE STATUS OF THE RESIDENTS OF THE STATE.

5 (B) (1) THE STATE TREASURER SHALL BE THE TRUSTEE OF THE TRUST.

6 (2) THE POWERS AND DUTIES OF THE TRUST SHALL REST IN AND BE
7 EXERCISED BY THE TRUSTEE.

8 (C) THE POWERS AND DUTIES OF THE TRUST SHALL BE ESTABLISHED AND
9 MODIFIED SOLELY BY THE GENERAL ASSEMBLY.

10 (D) IN ACCORDANCE WITH THIS TITLE, THE TRUST CONSISTS OF THE PUBLIC
11 AND CHARITABLE ASSETS RECEIVED AS A RESULT OF THE ACQUISITION OF A
12 NONPROFIT HEALTH SERVICE PLAN OR A NONPROFIT HEALTH MAINTENANCE
13 ORGANIZATION, APPROVED BY THE ADMINISTRATION ON OR AFTER JUNE 1, 2001, OR
14 A NONPROFIT HOSPITAL, APPROVED BY THE ATTORNEY GENERAL IN CONSULTATION
15 WITH THE DEPARTMENT.

16 (E) (1) THE STATE TREASURER SHALL MANAGE, INVEST, AND REINVEST
17 THE TRUST IN THE SAME MANNER THAT STATE FUNDS ARE INVESTED.

18 (2) THE TRUST SHALL BE HELD AND ACCOUNTED FOR SEPARATE AND
19 APART FROM THE FUNDS OF THE STATE.

20 (F) ANY INTEREST OR OTHER INVESTMENT EARNINGS OF THE TRUST SHALL
21 BE CREDITED AND PAID INTO THE TRUST.

22 (G) (1) THE TRUSTEE SHALL MAKE PROVISION FOR A SYSTEM OF
23 FINANCIAL ACCOUNTING, CONTROLS, AUDITS, AND REPORTS.

24 (2) THE TRUSTEE SHALL REPORT TO THE GOVERNOR AND, IN
25 ACCORDANCE WITH § 2-1246 OF THIS ARTICLE, TO THE GENERAL ASSEMBLY ON OR
26 BEFORE DECEMBER 1, 2004, AND ANNUALLY THEREAFTER ON THE STATUS OF THE
27 ASSETS OF THE TRUST.

28 15-601.

29 (d) (1) An individual who is a public official only as a member of a board [or
30 who is a member of the Board of Trustees of the Maryland Health Care Foundation
31 established under § 20-501 of the Health - General Article] and who receives annual
32 compensation that is less than 25% of the lowest annual compensation at State grade
33 level 16 shall file the statement required by subsection (a) of this section in
34 accordance with § 15-609 of this subtitle.

35 SECTION 5. AND BE IT FURTHER ENACTED, That:

36 (a) on or before June 1, 2004, the Maryland Health Care Foundation shall:

1 (1) transfer all records of the Maryland Health Care Foundation
2 pertaining to Medbank of Maryland, Inc. to Medbank of Maryland, Inc.; and

3 (2) transfer all other records, furniture, and equipment of the Maryland
4 Health Care Foundation to the Department of Health and Mental Hygiene; and

5 (b) the Governor may transfer all money and funds of the Maryland Health
6 Care Foundation existing as of June 1, 2004, to the Maryland Health Care Trust.

7 SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 June 1, 2004.