
By: **Delegates Hixson, Benson, Bobo, Bronrott, Cardin, Dumais, Franchot, Frush, Gaines, Goldwater, Gutierrez, Harrison, Heller, Howard, Hubbard, Kelley, Krysiak, Lee, Madaleno, Mandel, Marriott, McIntosh, Menes, Murray, Niemann, Oaks, Parker, Patterson, Quinter, Rosenberg, V. Turner, and Vaughn**

Introduced and read first time: January 27, 2006

Assigned to: Health and Government Operations and Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Healthy Maryland Initiative**

3 FOR the purpose of requiring the Governor to include in the annual State budget bill
4 for certain fiscal years certain appropriations for certain activities aimed at
5 reducing tobacco use in the State; expanding eligibility under the Maryland
6 Medical Assistance Program to certain parents having incomes at or below
7 certain levels, subject to certain limitations; requiring that certain funds from a
8 certain special fund be used to subsidize a certain specialty care network;
9 establishing the Healthy Maryland Initiative Fund; establishing the source of
10 funds in the Fund; providing that the investment of earnings in the Fund shall
11 be retained to the Fund; specifying the purposes for which the Fund shall be
12 used; requiring certain appropriations from the Fund for certain purposes;
13 requiring that certain moneys from the Fund supplement the Maryland Medical
14 Assistance Program; prohibiting certain moneys from supplanting the Maryland
15 Medical Assistance Program; altering the distribution of tobacco tax revenues;
16 providing for the distribution of certain tobacco tax revenues to the Healthy
17 Maryland Initiative Fund for certain purposes; altering the tobacco tax rate
18 imposed on cigarettes; altering the tobacco tax rate imposed on certain tobacco
19 products other than cigarettes; establishing a Small Business Health Care
20 Incentive Program in the Department of Business and Economic Development;
21 requiring the Department to administer the Program; establishing certain
22 eligibility requirements for the Program; providing for certain grants to be
23 awarded under the Program; establishing a certain priority for the award of
24 certain grants under the Program; requiring the Secretary of the Department to
25 adopt certain rules and regulations; requiring the Department to report to the
26 Governor and the General Assembly on or before a certain date; providing for
27 the termination of the Program after a certain date; requiring the Department
28 of Health and Mental Hygiene to notify the Centers for Medicare and Medicaid
29 Services for an amendment to the Maryland Medical Assistance Program to
30 expand eligibility for that Program; authorizing certain funds to be appropriated
31 and transferred by budget amendment from the Fund in a certain fiscal year;

1 defining certain terms; providing for the application of this Act; and generally
2 relating to the tobacco tax and the Healthy Maryland Initiative.

3 BY repealing and reenacting, with amendments,
4 Article - Health - General
5 Section 13-1015, 15-103(a), and 19-2111
6 Annotated Code of Maryland
7 (2005 Replacement Volume and 2005 Supplement)

8 BY adding to
9 Article - Health - General
10 Section 20-1101 to be under the new subtitle "Subtitle 11. Healthy Maryland
11 Initiative Fund"
12 Annotated Code of Maryland
13 (2005 Replacement Volume and 2005 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article - Tax - General
16 Section 2-1601 and 2-1602
17 Annotated Code of Maryland
18 (2004 Replacement Volume and 2005 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article - Tax - General
21 Section 2-1603 and 12-105
22 Annotated Code of Maryland
23 (2004 Replacement Volume and 2005 Supplement)

24 BY adding to
25 Article - Tax - General
26 Section 2-1604
27 Annotated Code of Maryland
28 (2004 Replacement Volume and 2005 Supplement)

29 BY adding to
30 Article 83A - Department of Business and Economic Development
31 Section 5-1901 through 5-1907, inclusive, to be under the new subtitle "Subtitle
32 19. Small Business Health Care Incentive Program"
33 Annotated Code of Maryland
34 (2003 Replacement Volume and 2005 Supplement)

35 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
36 MARYLAND, That the Laws of Maryland read as follows:

1

Article - Health - General

2 13-1015.

3 (a) For fiscal year [2007] 2008 and each fiscal year thereafter, the Governor
4 shall include at least [\$21,000,000] \$35,000,000 in the annual budget in
5 appropriations for activities aimed at reducing tobacco use in Maryland as
6 recommended by the Centers for Disease Control and Prevention, including:

7 (1) Media campaigns aimed at reducing smoking initiation and
8 encouraging smokers to quit smoking;

9 (2) Media campaigns educating the public about the dangers of
10 secondhand smoke exposure;

11 (3) Enforcement of existing laws banning the sale or distribution of
12 tobacco products to minors;

13 (4) Promotion and implementation of smoking cessation programs; and

14 (5) Implementation of school-based tobacco education programs.

15 (b) For fiscal year [2006] 2007, the Governor shall include at least
16 [\$10,000,000] \$21,000,000 in the annual budget in appropriations for the purposes
17 described in subsection (a) of this section.

18 (C) FOR FISCAL YEAR 2008 AND EACH FISCAL YEAR THEREAFTER, THE
19 APPROPRIATIONS REQUIRED UNDER SUBSECTION (A) SHALL INCLUDE AT LEAST:

20 (1) \$30,000,000 FROM THE HEALTHY MARYLAND INITIATIVE FUND
21 ESTABLISHED UNDER § 20-1101 OF THIS ARTICLE; AND

22 (2) \$5,000,000 FROM THE CIGARETTE RESTITUTION FUND ESTABLISHED
23 UNDER § 7-317 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

24 15-103.

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

27 (2) The Program:

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

31 (ii) Shall provide, subject to the limitations of the State budget,
32 comprehensive medical and other health care services for all eligible pregnant women
33 whose family income is at or below 250 [percent] % of the poverty level, as permitted
34 by [the] federal law;

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

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

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

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

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

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

28 (IX) SHALL PROVIDE, SUBJECT TO THE LIMITATIONS OF THE STATE
29 BUDGET, AND AS ALLOWED BY FEDERAL LAW, COMPREHENSIVE MEDICAL CARE AND
30 OTHER HEALTH CARE SERVICES FOR ALL PARENTS:

31 1. WHO HAVE A DEPENDENT CHILD LIVING WITH THEM; AND

32 2. WHOSE ANNUAL HOUSEHOLD INCOME IS:

33 A. FOR FISCAL YEAR 2008, AT OR BELOW 75% OF THE
34 POVERTY LEVEL, AS PERMITTED BY FEDERAL LAW; OR

35 B. FOR FISCAL YEAR 2009 AND EACH FISCAL YEAR
36 THEREAFTER, AT OR BELOW 100% OF THE POVERTY LEVEL, AS PERMITTED BY
37 FEDERAL LAW;

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

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

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

5 19-2111.

6 (a) The Commission, in collaboration with community health resources and
7 local health departments, shall develop a specialty care network for individuals:

8 (1) With family income that does not exceed 200% of the federal poverty
9 level; and

10 (2) Who are referred through a community health resource.

11 (b) The specialty care network shall:

12 (1) Consist of health care practitioners who agree to provide care to
13 individuals referred through a community health resource for a discounted fee
14 established by the Commission; and

15 (2) Include health care practitioners who historically have served the
16 uninsured.

17 (c) Individuals receiving health care through the specialty care network shall
18 pay for specialty care according to a sliding fee scale developed by the Commission.

19 (d) In addition to patient fees, office-based specialty care visits, diagnostic
20 testing, and laboratory tests shall be subsidized by funds provided from:

21 (1) General funds; [and]

22 (2) Money collected from a nonprofit health maintenance organization in
23 accordance with § 6-121(b)(3) of the Insurance Article; AND

24 (3) THE HEALTHY MARYLAND INITIATIVE FUND AS PROVIDED UNDER §
25 20-1101 OF THIS ARTICLE.

26 (e) Subject to available funding, the Commission shall provide subsidies to
27 community health resources for office-based specialty care visits, diagnostic testing,
28 and laboratory tests.

29 SUBTITLE 11. HEALTHY MARYLAND INITIATIVE FUND.

30 20-1101.

31 (A) IN THIS SUBTITLE, "FUND" MEANS THE HEALTHY MARYLAND INITIATIVE
32 FUND.

1 (B) (1) THE HEALTHY MARYLAND INITIATIVE FUND IS ESTABLISHED TO
2 DEDICATE CERTAIN TOBACCO TAX REVENUES TO PROVIDE HEALTH CARE SERVICES
3 AND INCENTIVES AS PROVIDED IN SUBSECTION (C) OF THIS SECTION.

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

6 (3) THE FUND CONSISTS OF THE TOBACCO TAX REVENUES
7 DISTRIBUTED TO THE FUND UNDER § 2-1604 OF THE TAX - GENERAL ARTICLE.

8 (4) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND
9 THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

10 (5) (I) THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME
11 MANNER AS OTHER STATE FUNDS.

12 (II) ANY INVESTMENT EARNINGS SHALL BE CREDITED TO THE
13 FUND.

14 (C) THE FUND MAY BE USED ONLY FOR THE FOLLOWING PURPOSES:

15 (1) ACTIVITIES AIMED AT REDUCING TOBACCO USE IN MARYLAND, AS
16 SPECIFIED UNDER § 13-1015 OF THIS ARTICLE;

17 (2) THE MARYLAND MEDICAL ASSISTANCE PROGRAM, INCLUDING:

18 (I) COVERAGE FOR ALL LEGAL IMMIGRANT CHILDREN UNDER THE
19 AGE OF 18 YEARS AND PREGNANT WOMEN; AND

20 (II) EXPANSION OF MEDICAID ELIGIBILITY FOR PARENTS;

21 (3) THE SPECIALTY CARE NETWORK ESTABLISHED UNDER § 19-2111 OF
22 THIS ARTICLE; AND

23 (4) THE SMALL BUSINESS HEALTH CARE INCENTIVE PROGRAM
24 ESTABLISHED UNDER ARTICLE 83A, § 5-1902 OF THE CODE.

25 (D) FOR EACH FISCAL YEAR, MONEYS IN THE FUND SHALL BE APPROPRIATED
26 AS FOLLOWS:

27 (1) AT LEAST \$30,000,000 FOR ACTIVITIES AIMED AT REDUCING TOBACCO
28 USE IN MARYLAND;

29 (2) AT LEAST \$50,000,000 TO EXPAND MEDICAID ELIGIBILITY FOR ALL
30 PARENTS:

31 (I) WHO HAVE A DEPENDENT CHILD LIVING WITH THEM; AND

32 (II) WHOSE ANNUAL HOUSEHOLD INCOME IS:

1 1. FOR FISCAL YEAR 2008, AT OR BELOW 75% OF THE
2 FEDERAL POVERTY LEVEL; OR

3 2. FOR FISCAL YEAR 2009 AND EACH FISCAL YEAR
4 THEREAFTER, AT OR BELOW 100% OF THE FEDERAL POVERTY LEVEL;

5 (3) AT LEAST \$7,000,000 FOR COMPREHENSIVE MEDICAL CARE AND
6 OTHER HEALTH CARE SERVICES FOR ALL LEGAL IMMIGRANT CHILDREN UNDER THE
7 AGE OF 18 YEARS AND PREGNANT WOMEN WHO MEET MEDICAID PROGRAM
8 ELIGIBILITY STANDARDS, WHO ARRIVED IN THE UNITED STATES ON OR AFTER
9 AUGUST 22, 1996, AND WHO DO NOT QUALIFY FOR FEDERALLY-FUNDED MEDICAID
10 COVERAGE OR MARYLAND CHILDREN'S HEALTH PROGRAM COVERAGE;

11 (4) AT LEAST \$10,000,000 FOR THE SPECIALTY CARE NETWORK;

12 (5) FOR FISCAL YEARS 2008 THROUGH 2010 ONLY, AT LEAST \$15,000,000
13 FOR THE SMALL BUSINESS HEALTH CARE INCENTIVE PROGRAM; AND

14 (6) FOR FISCAL YEARS 2007 THROUGH 2009 ONLY, AT LEAST \$1,500,000
15 FOR THE OFFICE OF MINORITY HEALTH AND HEALTH DISPARITIES TO DEVELOP AND
16 IMPLEMENT A STATEWIDE HEALTH DISPARITIES REDUCTION PLAN AND GENERALLY
17 TO CARRY OUT THE DUTIES SPECIFIED IN TITLE 20, SUBTITLE 10 OF THIS ARTICLE.

18 (E) AFTER ALLOCATING MONEYS IN THE FUND AS REQUIRED UNDER
19 SUBSECTION (D) OF THIS SECTION, ANY REMAINING BALANCE IN THE FUND SHALL
20 BE DISTRIBUTED:

21 (1) FOR FISCAL YEARS 2008 THROUGH 2010, 75% TO THE MARYLAND
22 MEDICAL ASSISTANCE PROGRAM AND 25% TO THE SMALL BUSINESS HEALTH CARE
23 INCENTIVE PROGRAM; AND

24 (2) FOR FISCAL YEAR 2011 AND EACH FISCAL YEAR THEREAFTER, TO
25 THE MARYLAND MEDICAL ASSISTANCE PROGRAM.

26 (F) MONEY FROM THE FUND SHALL SUPPLEMENT AND MAY NOT SUPPLANT
27 FUNDING FOR THE MARYLAND MEDICAL ASSISTANCE PROGRAM.

28 **Article - Tax - General**

29 2-1601.

30 From the tobacco tax revenue, the Comptroller shall distribute the amount
31 necessary to pay refunds relating to the tobacco tax to a refund account.

32 2-1602.

33 After making the distribution required under § 2-1601 of this subtitle, from the
34 remaining tobacco tax revenue the Comptroller shall distribute the amount necessary
35 to administer the tobacco tax laws to an administrative cost account.

1 2-1603.

2 After making the distributions required under §§ 2-1601 and 2-1602 of this
3 subtitle, FROM THE REMAINING TOBACCO TAX REVENUE the Comptroller shall
4 distribute [the remaining tobacco tax revenue] \$275,000,000 to the General Fund of
5 the State.

6 2-1604.

7 AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-1601 THROUGH
8 2-1603 OF THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE THE REMAINING
9 TOBACCO TAX REVENUE TO THE HEALTHY MARYLAND INITIATIVE FUND FOR THE
10 PURPOSES SPECIFIED UNDER § 20-1101 OF THE HEALTH - GENERAL ARTICLE.

11 12-105.

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

13 (1) [50 cents] \$1.00 for each package of 10 or fewer cigarettes;

14 (2) [\$1.00] \$2.00 for each package of at least 11 and not more than 20
15 cigarettes;

16 (3) [5.0] 10.0 cents for each cigarette in a package of more than 20
17 cigarettes; and

18 (4) [5.0] 10.0 cents for each cigarette in a package of free sample
19 cigarettes.

20 (b) The tobacco tax rate for other tobacco products is [15%] 25% of the
21 wholesale price of the tobacco products.

22 **Article 83A - Department of Business and Economic Development**

23 **SUBTITLE 19. SMALL BUSINESS HEALTH CARE INCENTIVE PROGRAM.**

24 5-1901.

25 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
26 INDICATED.

27 (B) "PROGRAM" MEANS THE SMALL BUSINESS HEALTH CARE INCENTIVE
28 PROGRAM.

29 (C) "SMALL EMPLOYER" HAS THE MEANING STATED IN § 15-1201 OF THE
30 INSURANCE ARTICLE.

31 (D) "STANDARD PLAN" HAS THE MEANING STATED IN § 15-1201 OF THE
32 INSURANCE ARTICLE.

1 5-1902.

2 (A) THERE IS A SMALL BUSINESS HEALTH CARE INCENTIVE PROGRAM IN THE
3 DEPARTMENT.

4 (B) (1) THE PROGRAM IS INTENDED TO PROVIDE INCENTIVES TO SMALL
5 BUSINESSES THAT HAVE NOT RECENTLY OFFERED HEALTH INSURANCE TO THEIR
6 EMPLOYEES TO PROVIDE COMPREHENSIVE HEALTH INSURANCE AS PART OF AN
7 EMPLOYEE BENEFIT PACKAGE.

8 (2) THE PROGRAM SHALL PROVIDE GRANTS TO ELIGIBLE EMPLOYERS
9 FOR A PORTION OF THE COSTS OF PROVIDING THE STANDARD PLAN AS PART OF AN
10 EMPLOYEE BENEFIT PACKAGE.

11 (C) THE PROGRAM SHALL BE FUNDED BY THE HEALTHY MARYLAND
12 INITIATIVE FUND AS PROVIDED IN § 20-1101 OF THE HEALTH - GENERAL ARTICLE.

13 5-1903.

14 (A) THE DEPARTMENT SHALL:

15 (1) ADMINISTER THE PROGRAM;

16 (2) ESTABLISH APPLICATION PROCEDURES FOR THE PROGRAM; AND

17 (3) AWARD GRANTS FROM THE PROGRAM.

18 (B) THE DEPARTMENT MAY PAY ADMINISTRATIVE COSTS ASSOCIATED WITH
19 IMPLEMENTING AND ADMINISTERING THE PROGRAM FROM THE HEALTHY
20 MARYLAND INITIATIVE FUND ESTABLISHED UNDER § 20-1101 OF THE HEALTH -
21 GENERAL ARTICLE.

22 (C) THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT THIS
23 SUBTITLE.

24 5-1904.

25 (A) TO BE ELIGIBLE FOR THE PROGRAM, AN EMPLOYER MUST:

26 (1) BE A SMALL EMPLOYER;

27 (2) PROVIDE THE STANDARD PLAN TO ITS EMPLOYEES ON OR AFTER
28 JULY 1, 2006;

29 (3) HAVE NOT PROVIDED THE STANDARD PLAN TO ITS EMPLOYEES
30 DURING THE 12-MONTH PERIOD PRECEDING THE DATE OF APPLICATION FOR THE
31 STANDARD PLAN OR, IF THE SMALL EMPLOYER HAS EXISTED FOR LESS THAN 12
32 MONTHS, FROM THE DATE THE SMALL EMPLOYER COMMENCED ITS BUSINESS; AND

33 (4) MEET ANY OTHER REQUIREMENTS DETERMINED BY THE
34 DEPARTMENT.

1 (B) THE DEPARTMENT SHALL GIVE PRIORITY FOR GRANTS UNDER THE
2 PROGRAM TO EMPLOYERS THAT HAVE AN AVERAGE ANNUAL WAGE AMONG ITS
3 EMPLOYEES THAT DOES NOT EXCEED 75% OF THE AVERAGE ANNUAL WAGE IN THE
4 STATE.

5 5-1905.

6 A GRANT AWARDED UNDER THE PROGRAM SHALL BE EQUAL TO THE LESSER
7 OF:

8 (1) 50% OF THE COST TO THE EMPLOYER TO PROVIDE THE STANDARD
9 PLAN AS PART OF AN EMPLOYEE BENEFIT PACKAGE, INCLUDING THE COST OF
10 PREMIUMS AND ADDITIONAL RIDERS; OR

11 (2) \$2,500 PER EMPLOYEE PER YEAR.

12 5-1906.

13 ON OR BEFORE DECEMBER 1, 2007, THE DEPARTMENT SHALL REPORT TO THE
14 GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE
15 GENERAL ASSEMBLY, REGARDING THE PROGRAM, INCLUDING:

16 (1) THE NUMBER OF EMPLOYERS THAT APPLIED FOR GRANTS UNDER
17 THE PROGRAM;

18 (2) THE NUMBER OF EMPLOYERS THAT WERE ELIGIBLE FOR AND
19 RECEIVED GRANTS UNDER THE PROGRAM;

20 (3) THE TOTAL AMOUNT OF FUNDS PROVIDED AS GRANTS UNDER THE
21 PROGRAM;

22 (4) THE AVERAGE GRANT AMOUNT PROVIDED TO ELIGIBLE EMPLOYERS;

23 (5) THE ADDITIONAL NUMBER OF INDIVIDUALS COVERED BY THE
24 STANDARD PLAN AS A RESULT OF THE PROGRAM; AND

25 (6) ANY RECOMMENDATIONS FOR MODIFYING, IMPROVING, OR
26 EXPANDING THE PROGRAM.

27 5-1907.

28 THIS SUBTITLE AND THE PROGRAM ESTABLISHED UNDER THIS SUBTITLE
29 SHALL TERMINATE AND BE OF NO EFFECT AFTER JUNE 30, 2010.

30 SECTION 2. AND BE IT FURTHER ENACTED, That all cigarettes used,
31 possessed, or held in the State on or after July 1, 2006, by any person for sale or use
32 in the State, shall be subject to the full tobacco tax of \$2.00 on cigarettes imposed by
33 this Act. This requirement includes: (1) cigarettes in vending machines or other
34 mechanical dispensers; and (2) cigarettes (generally referred to as "floor stock") in
35 packages which already bear stamps issued by the Comptroller under the State
36 Tobacco Tax Act but for an amount less than the full tax imposed of \$1.00 for each 10

1 cigarettes or fractional part thereof; all cigarettes held for sale by any person in the
2 State on or after July 1, 2006, that bear a stamp issued by the Comptroller of a value
3 less than \$2.00 for each pack of 20 cigarettes must be stamped with the additional
4 stamps necessary to make the aggregate tax value equal to \$2.00, the Comptroller
5 may provide an alternative method of collecting the additional tax. The revenue
6 attributable to this requirement shall be remitted to the Comptroller by September
7 30, 2006. Except as provided above, on or after July 1, 2006, no Maryland stamp shall
8 be used except the stamp issued by the Comptroller to evidence the tobacco tax on
9 cigarettes of \$2.00 imposed by this Act.

10 SECTION 3. AND BE IT FURTHER ENACTED, That the Department of
11 Health and Mental Hygiene shall notify the federal Centers for Medicare and
12 Medicaid Services of an amendment to the State Medicaid plan that would allow the
13 State to phase in a coverage expansion under the Maryland Medical Assistance
14 Program for all parents with whom a dependent child resides and who have a
15 household income at or below 100% of the federal poverty level as follows:

16 (a) In fiscal year 2008, extend eligibility to each parent with an annual
17 household income at or below 75% of the federal poverty level; and

18 (b) In fiscal year 2009, extend eligibility to each parent with an annual
19 household income at or below 100% of the federal poverty level.

20 SECTION 4. AND BE IT FURTHER ENACTED, That, for fiscal year 2007,
21 funds may be appropriated and transferred by budget amendment from the Healthy
22 Maryland Initiative Fund in the amount and for the purposes specified as follows:

23 (a) At least \$30,000,000 for activities aimed at reducing tobacco use in
24 Maryland, as specified under § 13-1015 of the Health - General Article;

25 (b) At least \$10,000,000 for the Maryland Medical Assistance Program,
26 including:

27 (1) At least \$7,000,000 for coverage for all legal immigrant children
28 under the age of 18 years and pregnant women; and

29 (2) At least \$3,000,000 to begin expansion of Medicaid eligibility for
30 parents;

31 (c) At least \$10,000,000 for the specialty care network established under §
32 19-2111 of the Health - General Article; and

33 (d) At least \$15,000,000 for the Small Business Health Care Incentive
34 Program established under Article 83A, § 5-1902 of the Code.

35 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
36 July 1, 2006.