
By: **Delegate Hubbard**

Introduced and read first time: February 15, 2006

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of establishing a Small Business Health Care Incentive Program in
4 the Department of Business and Economic Development; requiring the
5 Department to administer the Program; establishing certain eligibility
6 requirements for the Program; providing for certain grants to be awarded under
7 the Program; establishing a certain priority for the award of certain grants
8 under the Program; requiring the Secretary of Business and Economic
9 Development to adopt certain rules and regulations; requiring the Department
10 to report to the Governor and the General Assembly on or before a certain date;
11 providing for the termination of the Program after a certain date; requiring the
12 Governor to include in the annual State budget bill for certain fiscal years
13 certain appropriations for certain activities aimed at reducing tobacco use in the
14 State; expanding eligibility under the Maryland Medical Assistance Program to
15 certain parents having incomes at or below certain levels, subject to certain
16 limitations; requiring that certain funds from a certain special fund be used to
17 subsidize a certain specialty care network; establishing the Healthy Maryland
18 Initiative Fund; establishing the source of funds in the Fund; providing that the
19 investment of earnings in the Fund shall be retained to the Fund; specifying the
20 purposes for which the Fund shall be used; requiring certain appropriations
21 from the Fund for certain purposes; requiring that certain moneys from the
22 Fund supplement the Maryland Medical Assistance Program; prohibiting
23 certain moneys from supplanting the Maryland Medical Assistance Program;
24 altering the distribution of tobacco tax revenues; providing for the distribution
25 of certain tobacco tax revenues to the Healthy Maryland Initiative Fund for
26 certain purposes; altering the tobacco tax rate imposed on cigarettes; altering
27 the tobacco tax rate imposed on certain tobacco products other than cigarettes;
28 including all individuals under a certain age in the Maryland Children's Health
29 Program (MCHP); altering the MCHP premium plan to apply to certain
30 individuals whose family income is above a certain income; providing that an
31 individual is not eligible for the MCHP premium plan if a parent or guardian is
32 insured through an employer's health benefit plan that meets certain
33 conditions; altering certain required family contribution amounts; requiring a
34 parent or guardian of an individual in the MCHP premium plan to pay a certain
35 premium determined by the Secretary of Health and Mental Hygiene under

1 certain circumstances; expanding a certain health insurance program to include
2 health benefit plans that cover certain individuals; requiring the
3 Comprehensive Standard Health Benefit Plan to include all benefits that
4 existed in the Plan as of a certain date; requiring the Maryland Health Care
5 Commission to exclude or limit additional benefits in the Plan if the average
6 rate for the Plan exceeds a certain average annual wage; altering the maximum
7 number of eligible employees a person may employ to be considered a small
8 employer under the Maryland Health Insurance Reform Act; repealing certain
9 referral procedures and treatment required by the Alcohol and Drug Abuse
10 Administration; repealing authority of the Administration to establish or
11 operate certain facilities and services; requiring that the Department of Health
12 and Mental Hygiene provide certain mental health services to certain
13 individuals under certain conditions; requiring the Secretary of Health and
14 Mental Hygiene to adopt certain regulations for certain costs of receiving
15 services; renaming the Maryland Health Insurance Plan to be MdCare;
16 providing for the status and purpose of MdCare; establishing the Board of
17 MdCare; providing for the composition and appointment of members of the
18 Board; authorizing employees of MdCare to engage in collective bargaining;
19 requiring MdCare to adopt certain regulations; authorizing the Board to
20 aggregate the purchasing of prescription drugs for certain enrollees; renaming
21 the Maryland Health Insurance Plan Fund to be the MdCare Fund; establishing
22 eligibility requirements for MdCare; requiring the MdCare Fund to include
23 moneys appropriated in the State budget to the MdCare Fund; repealing a
24 provision that a debt or obligation of the Plan is not a debt or pledge of credit of
25 the State; prohibiting the benefit package under MdCare from restricting
26 certain days authorized for certain treatment; requiring the benefit package
27 under MdCare to include certain benefits and services; repealing certain
28 exclusions from the benefit package; requiring the Board to ensure that
29 enrollees may select federally qualified health centers and school-based health
30 centers as their primary care providers; prohibiting the Board from charging a
31 premium rate during a certain fiscal year; prohibiting the Board from imposing
32 any cost-sharing requirements, deductibles, co-payments, and coinsurance on
33 certain individuals for certain fiscal years; prohibiting the Board from charging
34 a premium rate for certain individuals whose income is at or below a certain
35 amount and requiring the Board to establish a certain sliding scale premium
36 rate for certain individuals whose income is between certain amounts; repealing
37 certain premium rate requirements and requirements for a standard risk rate;
38 requiring the Board to select one or more administrators to administer MdCare;
39 requiring the Board to establish the Maryland Quality Institute; establishing
40 the duties of the Institute; establishing the MdCare Universal Coverage
41 Oversight Commission; providing for the purpose, composition, chairman, staff,
42 and duties of the Commission; requiring the Commission to submit certain
43 reports on or before certain dates; requiring the Board to develop a certain
44 "electronic-Care Management" system; requiring an individual to pay certain
45 additional State income tax in certain amounts under certain circumstances;
46 providing for the distribution of certain additional State income tax; altering the
47 applicability of a certain health care payroll assessment to employers with a
48 certain number of employees; altering the date by which certain employers must

1 submit certain information on health insurance costs to the Secretary of Labor,
2 Licensing, and Regulation; requiring certain employers to make certain
3 payments to the Secretary of Labor, Licensing, and Regulation in a certain
4 amount and in a certain manner; requiring the Department of Health and
5 Mental Hygiene to seek approval of a certain waiver and a certain request to
6 operate a certain program that purchases and imports prescription drugs from
7 Canada; requiring the Department of Health and Mental Hygiene to complete a
8 plan to implement a certain Canadian Mail Order Plan in a certain manner;
9 requiring the Secretary of Health and Mental Hygiene to submit a certain report
10 about a certain Canadian Mail Order Plan under certain circumstances;
11 providing for the applicability of a certain tobacco tax imposed by this Act;
12 authorizing certain funds to be appropriated and transferred by budget
13 amendment from the Healthy Maryland Initiative Fund in a certain fiscal year;
14 requiring the Department of Health and Mental Hygiene to seek certain
15 approval for coverage expansion under the Maryland Medical Assistance
16 Program and the Maryland Children's Health Program; providing for certain
17 contingencies; defining certain terms; altering certain definitions; providing for
18 the effective dates of this Act; and generally relating to health coverage for all
19 Marylanders.

20 BY adding to

21 Article 83A - Department of Business and Economic Development
22 Section 5-1901 through 5-1907, inclusive, to be under the new subtitle "Subtitle
23 19. Small Business Health Care Incentive Program"
24 Annotated Code of Maryland
25 (2003 Replacement Volume and 2005 Supplement)

26 BY repealing and reenacting, with amendments,

27 Article - Health - General
28 Section 8-402, 8-403, 10-104, 10-901, 13-1015, 15-103(a), 15-301, 15-301.1,
29 and 19-2111
30 Annotated Code of Maryland
31 (2005 Replacement Volume and 2005 Supplement)

32 BY adding to

33 Article - Health - General
34 Section 20-1101 to be under the new subtitle "Subtitle 11. Healthy Maryland
35 Initiative Fund"
36 Annotated Code of Maryland
37 (2005 Replacement Volume and 2005 Supplement)

38 BY repealing and reenacting, without amendments,

39 Article - Tax - General
40 Section 2-1601 and 2-1602
41 Annotated Code of Maryland
42 (2004 Replacement Volume and 2005 Supplement)

1 BY repealing and reenacting, with amendments,
2 Article - Tax - General
3 Section 2-1603 and 12-105
4 Annotated Code of Maryland
5 (2004 Replacement Volume and 2005 Supplement)

6 BY adding to
7 Article - Tax - General
8 Section 2-1604
9 Annotated Code of Maryland
10 (2004 Replacement Volume and 2005 Supplement)

11 BY repealing and reenacting, without amendments,
12 Article - Health - General
13 Section 8-101(a) and (b)
14 Annotated Code of Maryland
15 (2005 Replacement Volume and 2005 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article - Insurance
18 Section 15-1201, 15-1202, 15-1203(b), and 15-1207
19 Annotated Code of Maryland
20 (2002 Replacement Volume and 2005 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article - Insurance
23 Section 14-501 through 14-508 to be under the amended part "Part I. MdCare"
24 Annotated Code of Maryland
25 (2002 Replacement Volume and 2005 Supplement)

26 BY adding to
27 Article - Insurance
28 Section 14-503.1, 14-509, 14-509.1, and 15-132
29 Annotated Code of Maryland
30 (2002 Replacement Volume and 2005 Supplement)

31 BY repealing and reenacting, without amendments,
32 Article - Health - General
33 Section 15-142
34 Annotated Code of Maryland
35 (2005 Replacement Volume and 2005 Supplement)
36 (As enacted by Chapters 1 and 3 of the Acts of the General Assembly of 2006)

1 BY repealing and reenacting, without amendments,
2 Article - Labor and Employment
3 Section 8.5-101 and 8.5-105
4 Annotated Code of Maryland
5 (1999 Replacement Volume and 2005 Supplement)
6 (As enacted by Chapters 1 and 3 of the Acts of the General Assembly of 2006)

7 BY repealing and reenacting, with amendments,
8 Article - Labor and Employment
9 Section 8.5-102, 8.5-103, and 8.5-104
10 Annotated Code of Maryland
11 (1999 Replacement Volume and 2005 Supplement)
12 (As enacted by Chapters 1 and 3 of the Acts of the General Assembly of 2006)

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

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

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

17 5-1901.

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

20 (B) "PROGRAM" MEANS THE SMALL BUSINESS HEALTH CARE INCENTIVE
21 PROGRAM.

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

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

26 5-1902.

27 (A) THERE IS A SMALL BUSINESS HEALTH CARE INCENTIVE PROGRAM IN THE
28 DEPARTMENT.

29 (B) (1) THE PROGRAM IS INTENDED TO PROVIDE INCENTIVES TO SMALL
30 BUSINESSES THAT HAVE NOT RECENTLY OFFERED HEALTH INSURANCE TO THEIR
31 EMPLOYEES TO PROVIDE COMPREHENSIVE HEALTH INSURANCE AS PART OF AN
32 EMPLOYEE BENEFIT PACKAGE.

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

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

3 5-1903.

4 (A) THE DEPARTMENT SHALL:

5 (1) ADMINISTER THE PROGRAM;

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

7 (3) AWARD GRANTS FROM THE PROGRAM.

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

12 (C) THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT THIS
13 SUBTITLE.

14 5-1904.

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

16 (1) BE A SMALL EMPLOYER;

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

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

23 (4) MEET ANY OTHER REQUIREMENTS DETERMINED BY THE
24 DEPARTMENT.

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

29 5-1905.

30 A GRANT AWARDED UNDER THE PROGRAM SHALL BE EQUAL TO THE LESSER
31 OF:

32 (1) 50% OF THE COST TO THE EMPLOYER TO PROVIDE THE STANDARD
33 PLAN AS PART OF AN EMPLOYEE BENEFIT PACKAGE, INCLUDING THE COST OF
34 PREMIUMS AND ADDITIONAL RIDERS; OR

1 (2) \$2,500 PER EMPLOYEE PER YEAR.

2 5-1906.

3 ON OR BEFORE DECEMBER 1, 2007, THE DEPARTMENT SHALL REPORT TO THE
4 GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE
5 GENERAL ASSEMBLY ABOUT THE PROGRAM INCLUDING:

6 (1) THE NUMBER OF EMPLOYERS THAT APPLIED FOR GRANTS UNDER
7 THE PROGRAM;

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

10 (3) THE TOTAL AMOUNT OF FUNDS PROVIDED AS GRANTS UNDER THE
11 PROGRAM;

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

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

15 (6) ANY RECOMMENDATIONS FOR MODIFYING OR IMPROVING THE
16 PROGRAM.

17 5-1907.

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

20 **Article - Health - General**

21 13-1015.

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

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

28 (2) Media campaigns educating the public about the dangers of
29 secondhand smoke exposure;

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

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

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

1 (b) For fiscal year [2006] 2007, the Governor shall include at least
2 [\$10,000,000] \$21,000,000 in the annual budget in appropriations for the purposes
3 described in subsection (a) of this section.

4 (C) FOR FISCAL YEAR 2008 AND EACH FISCAL YEAR THEREAFTER, THE
5 APPROPRIATIONS REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL
6 INCLUDE AT LEAST:

7 (1) \$30,000,000 FROM THE HEALTHY MARYLAND INITIATIVE FUND
8 ESTABLISHED UNDER § 20-1101 OF THIS ARTICLE; AND

9 (2) \$5,000,000 FROM THE CIGARETTE RESTITUTION FUND ESTABLISHED
10 UNDER § 7-317 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

11 15-103.

12 (a) (1) The Secretary shall administer the Maryland Medical Assistance
13 Program.

14 (2) The Program:

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

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

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

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

30 (v) Shall provide, subject to the limitations of the State budget,
31 comprehensive medical and other health care services for all children from the age of
32 1 year up through and including the age of 5 years whose family income falls below
33 [133 percent] 133% of the poverty level, as permitted by [the] federal law;

34 (vi) Shall provide, subject to the limitations of the State budget,
35 comprehensive medical care and other health care services for all children who are at
36 least 6 years of age but are under 19 years of age whose family income falls below
37 [100 percent] 100% of the poverty level, as permitted by federal law;

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

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

12 (IX) SHALL PROVIDE, SUBJECT TO THE LIMITATIONS OF THE STATE
 13 BUDGET, AND AS PERMITTED BY FEDERAL LAW, COMPREHENSIVE MEDICAL CARE
 14 AND OTHER HEALTH CARE SERVICES FOR ALL PARENTS:

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

16 2. WHOSE ANNUAL HOUSEHOLD INCOME IS:

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

19 B. FOR FISCAL YEAR 2009, AT OR BELOW 100% OF THE
 20 POVERTY LEVEL, AS PERMITTED BY FEDERAL LAW; OR

21 C. FOR FISCAL YEAR 2010 AND EACH FISCAL YEAR
 22 THEREAFTER, AT OR BELOW 200% OF THE POVERTY LEVEL, AS PERMITTED BY
 23 FEDERAL LAW;

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

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

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

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

31 (I) MAY NOT REQUIRE AN ASSET TEST FOR PARENTS AND
 32 CHILDREN;

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

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

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

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 SECTION, "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 FOR THE FOLLOWING PURPOSES:

15 (1) ACTIVITIES AIMED AT REDUCING TOBACCO USE IN THE STATE, 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 MEDICAL CARE NETWORK ESTABLISHED UNDER §
22 19-2111 OF 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 THE STATE;

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 2-1602.

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

5 2-1603.

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

10 2-1604.

11 AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-1601 THROUGH
12 2-1603 OF THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE THE REMAINING
13 TOBACCO TAX REVENUE TO THE HEALTHY MARYLAND INITIATIVE FUND FOR THE
14 PURPOSES SPECIFIED UNDER § 20-1101 OF THE HEALTH - GENERAL ARTICLE.

15 12-105.

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

17 (1) [50 cents] \$1.00 for each package of 10 or fewer cigarettes;

18 (2) [\$1.00] \$2.00 for each package of at least 11 and not more than 20
19 cigarettes;

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

22 (4) [5.0] 10.0 cents for each cigarette in a package of free sample
23 cigarettes.

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

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

28 **Article - Health - General**

29 15-301.

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

31 (b) The Maryland Children's Health Program shall provide, subject to the
32 limitations of the State budget and any other requirements imposed by the State and
33 as permitted by federal law or waiver, comprehensive medical care and other health

1 care services to an individual [who has a family income at or below 300 percent of the
2 federal poverty guidelines and] who is under the age of 19 years.

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

4 (1) [Except as provided in item (3) of this subsection, for] FOR
5 individuals whose family income is at or below [200 percent] 200% of the federal
6 poverty guidelines, through the Program under Subtitle 1 of this title requiring
7 individuals to enroll in managed care organizations; OR

8 (2) For eligible individuals whose family income is above [200 percent,
9 but at or below 300 percent] 200% of the federal poverty guidelines, through the
10 MCHP premium plan under § 15-301.1 of this subtitle[; or

11 (3) In fiscal year 2004 only, for eligible individuals whose family income
12 is above 185 percent, but at or below 300 percent of the federal poverty guidelines,
13 through the MCHP premium plan under § 15-301.1 of this subtitle].

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

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

17 (ii) On an Internet database.

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

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

22 15-301.1.

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

24 (2) "CARRIER" MEANS:

25 (I) AN INSURER;

26 (II) A NONPROFIT SERVICE PLAN;

27 (III) A HEALTH MAINTENANCE ORGANIZATION; OR

28 (IV) ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS
29 SUBJECT TO REGULATION BY THE STATE.

30 [(2)] (3) "Eligible individual" means an individual who qualifies to
31 participate in the Maryland Children's Health Program [under § 15-301(b)]
32 SUBJECT TO § 15-301(C) of this subtitle AND WHOSE FAMILY INCOME IS ABOVE 200%
33 OF THE FEDERAL POVERTY GUIDELINES.

1 [(3)] (4) "Family contribution" means the portion of the premium cost
2 paid for an eligible individual to enroll and participate in the Maryland Children's
3 Health Program.

4 [(4)] (5) "MCHP premium plan" means the plan established under this
5 section to provide access to health insurance coverage to eligible individuals through
6 managed care organizations under the Maryland Children's Health Program.

7 (b) [Except as provided in subsection (c) of this section, this] THIS section
8 applies only to individuals whose family income is above [200 percent, but at or below
9 300 percent] 200% of the federal poverty guidelines.

10 (C) (1) AN INDIVIDUAL IS NOT ELIGIBLE FOR THE MCHP PREMIUM PLAN IF
11 A PARENT OR GUARDIAN IS INSURED THROUGH AN EMPLOYER'S HEALTH BENEFIT
12 PLAN THAT MEETS THE FOLLOWING CONDITIONS:

13 (I) THE EMPLOYER OFFERS FAMILY HEALTH INSURANCE
14 COVERAGE TO THE PARENT OR GUARDIAN OF AN ELIGIBLE INDIVIDUAL;

15 (II) THE PARENT OR GUARDIAN OF AN ELIGIBLE INDIVIDUAL IS
16 INSURED UNDER THE EMPLOYER-SPONSORED HEALTH BENEFIT PLAN;

17 (III) THE EMPLOYER CONTRIBUTES TO FAMILY HEALTH INSURANCE
18 COVERAGE AT A RATE NO LESS THAN 30% OF ANNUAL PREMIUMS;

19 (IV) THE PLAN INCLUDES A BENEFIT PACKAGE THAT IS
20 DETERMINED BY THE DEPARTMENT TO BE AT LEAST EQUIVALENT TO THE
21 COMPREHENSIVE STANDARD HEALTH BENEFIT PLAN ESTABLISHED UNDER § 15-1207
22 OF THE INSURANCE ARTICLE; AND

23 (V) THE PREMIUM REQUIRED BY THE PLAN IS MORE THAN 6% OF
24 FAMILY INCOME.

25 (2) IF AN EMPLOYER-SPONSORED HEALTH BENEFIT PLAN THAT MEETS
26 THE CRITERIA UNDER PARAGRAPH (1) OF THIS SUBSECTION IS NOT AVAILABLE TO
27 THE ELIGIBLE INDIVIDUAL, THE ELIGIBLE INDIVIDUAL SHALL BE INSURED
28 THROUGH A MANAGED CARE ORGANIZATION AS DEFINED IN § 15-101 OF THIS TITLE.

29 [(c)] (D) (1) As a requirement of enrollment and participation in the MCHP
30 premium plan, THROUGH A MANAGED CARE ORGANIZATION, the parent or guardian
31 of an eligible individual WHOSE FAMILY INCOME IS ABOVE 200% BUT AT OR BELOW
32 400% shall agree to pay the following annual family contribution:

33 [(i)] In fiscal year 2004 only, for an eligible individual whose family
34 income is above 185 percent, but at or below 200 percent of the federal poverty
35 guidelines, an amount equal to 2 percent of the annual income of a family of two at
36 185 percent of the federal poverty guidelines;

37 [(ii)] (I) For an eligible individual whose family income is above
38 [200 percent] 200%, but at or below [250 percent] 250% of the federal poverty

1 guidelines, an amount equal to [2 percent] 2% of the annual income of a family of two
 2 at [200 percent] 200% of the federal poverty guidelines; and

3 [(iii)] (II) For an eligible individual whose family income is above
 4 [250 percent] 250%, but at or below [300 percent] 400% of the federal poverty
 5 guidelines, an amount equal to [2 percent] 2% of the annual income of a family of two
 6 at [250 percent] 250% of the federal poverty guidelines.

7 (2) AS A REQUIREMENT OF ENROLLMENT AND PARTICIPATION IN THE
 8 MCHP PREMIUM PLAN, THROUGH A MANAGED CARE ORGANIZATION, THE PARENT OR
 9 GUARDIAN OF AN ELIGIBLE INDIVIDUAL WHOSE FAMILY INCOME IS ABOVE 400% OF
 10 THE FEDERAL POVERTY GUIDELINES SHALL AGREE TO PAY AN ACTUARIALLY FAIR
 11 PREMIUM DETERMINED BY THE SECRETARY.

12 [(2)] (3) The family contribution amounts required under [paragraph
 13 (1)] PARAGRAPHS (1) AND (2) of this subsection apply on a per family basis regardless
 14 of the number of eligible individuals each family has enrolled in the MCHP premium
 15 plan.

16 [(d)] (E) The Department shall adopt regulations necessary to implement this
 17 section.

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

20 **Article - Insurance**

21 15-1201.

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

23 (b) "Board" means the Board of Directors of the Pool established under §
 24 15-1216 of this subtitle.

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

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

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

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

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

32 (2) is:

33 (i) an authorized insurer that provides health insurance in the
 34 State;

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

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

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

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

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

10 (i) an individual who:

11 1. is an employee, partner of a partnership, or independent
12 contractor who is included as an employee under a health benefit plan; and

13 2. works on a full-time basis and has a normal workweek of
14 at least 30 hours; or

15 (ii) a sole employee of a nonprofit organization that has been
16 determined by the Internal Revenue Service to be exempt from taxation under §
17 501(c)(3), (4), or (6) of the Internal Revenue Code who:

18 1. has a normal workweek of at least 20 hours; and

19 2. is not covered under a public or private plan for health
20 insurance or other health benefit arrangement.

21 (2) "Eligible employee" does not include an individual who works:

22 (i) on a temporary or substitute basis; or

23 (ii) except for an individual described in paragraph (1)(ii) of this
24 subsection, for less than 30 hours in a normal workweek.

25 (f) (1) "Health benefit plan" means:

26 (i) a policy or certificate for hospital or medical benefits;

27 (ii) a nonprofit health service plan; or

28 (iii) a health maintenance organization subscriber or group master
29 contract.

30 (2) "Health benefit plan" includes a policy or certificate for hospital or
31 medical benefits that covers residents of this State who are eligible employees and
32 that is issued through:

1 (i) a multiple employer trust or association located in this State or
2 another state; or

3 (ii) a professional employer organization, coemployer, or other
4 organization located in this State or another state that engages in employee leasing.

5 (3) "Health benefit plan" does not include:

6 (i) accident-only insurance;

7 (ii) fixed indemnity insurance;

8 (iii) credit health insurance;

9 (iv) Medicare supplement policies;

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

12 (vi) long-term care insurance;

13 (vii) disability income insurance;

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

15 (ix) workers' compensation or similar insurance;

16 (x) disease-specific insurance;

17 (xi) automobile medical payment insurance;

18 (xii) dental insurance; or

19 (xiii) vision insurance.

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

21 (1) health status;

22 (2) medical condition;

23 (3) claims experience;

24 (4) receipt of health care;

25 (5) medical history;

26 (6) genetic information;

27 (7) evidence of insurability including conditions arising out of acts of
28 domestic violence; or

1 (8) disability.

2 (h) "Late enrollee" means an eligible employee or dependent who requests
3 enrollment in a health benefit plan after the initial enrollment period provided under
4 the health benefit plan.

5 (i) "Limited Benefit Plan" means the Limited Health Benefit Plan adopted by
6 the Commission in accordance with § 15-1207 of this subtitle and Title 19, Subtitle 1
7 of the Health - General Article.

8 (j) "Pool" means the Maryland Small Employer Health Reinsurance Pool
9 established under this subtitle.

10 (k) "Preexisting condition" means:

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

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

17 (l) "Preexisting condition provision" means a provision in a health benefit
18 plan that denies, excludes, or limits benefits for an enrollee for expenses or services
19 related to a preexisting condition.

20 (m) "Reinsuring carrier" means a carrier that participates in the Pool.

21 (n) "Risk-assuming carrier" means a carrier that does not participate in the
22 Pool.

23 (o) "Small employer" means:

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

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

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

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

34 15-1202.

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

1 (1) covers:

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

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

4 (III) AN INDIVIDUAL WHOSE ANNUAL FAMILY INCOME IS ABOVE
5 350% OF THE FEDERAL POVERTY LEVEL AND WHO DOES NOT ACCEPT
6 EMPLOYER-SPONSORED INSURANCE; AND

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

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

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

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

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

18 (V) THE HEALTH BENEFIT PLAN COVERS:

19 1. AN INDIVIDUAL UNDER AN INDIVIDUAL POLICY; OR

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

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

25 15-1203.

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

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

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

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

1 (1) by a health maintenance organization, shall include at least the
2 actuarial equivalent of the minimum benefits required to be offered by a federally
3 qualified health maintenance organization; [and]

4 (2) by an insurer or nonprofit health service plan on an
5 expense-incurred basis, shall be actuarially equivalent to at least the minimum
6 benefits required to be offered under item (1) of this subsection; AND

7 (3) SHALL INCLUDE ALL OF THE BENEFITS THAT EXISTED IN THE PLAN
8 AS OF JUNE 1, 2005.

9 (c) (1) Subject to paragraph (2) of this subsection, the Commission shall
10 exclude or limit ADDITIONAL benefits or adjust cost-sharing arrangements in the
11 Standard Plan if the average rate for the Standard Plan exceeds [10%] 12% of the
12 average annual wage in the State.

13 (2) The Commission annually shall determine the average rate for the
14 Standard Plan by using the average rate submitted by each carrier that offers the
15 Standard Plan.

16 (d) In establishing benefits under the Standard Plan and the Limited Benefit
17 Plan, the Commission shall judge preventive services, medical treatments,
18 procedures, and related health services based on:

19 (1) their effectiveness in improving the health status of individuals;

20 (2) their impact on maintaining and improving health and on reducing
21 the unnecessary consumption of health care services; and

22 (3) their impact on the affordability of health care coverage.

23 (e) The Commission may exclude from the Standard Plan or the Limited
24 Benefit Plan:

25 (1) a health care service, benefit, coverage, or reimbursement for covered
26 health care services that is required under this article or the Health - General Article
27 to be provided or offered in a health benefit plan that is issued or delivered in the
28 State by a carrier; or

29 (2) reimbursement required by statute, by a health benefit plan for a
30 service when that service is performed by a health care provider who is licensed under
31 the Health Occupations Article and whose scope of practice includes that service.

32 (f) The Standard Plan and the Limited Benefit Plan shall include uniform
33 deductibles and cost-sharing associated with its benefits, as determined by the
34 Commission.

35 (g) In establishing cost-sharing as part of the Standard Plan and the Limited
36 Benefit Plan, the Commission shall:

- 1 (1) include cost-sharing and other incentives to help prevent consumers
2 from seeking unnecessary services;
- 3 (2) balance the effect of cost-sharing in reducing premiums and in
4 affecting utilization of appropriate services; and
- 5 (3) limit the total cost-sharing that may be incurred by an individual in
6 a year.

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

9 **Article - Health - General**

10 8-101.

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

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

13 8-402.

14 (a) The Administration shall:

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

17 (2) Adopt regulations:

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

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

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

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

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

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

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

9 (i) Have been successfully discharged from the treatment program;
10 and

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

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

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

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

21 (i) Develop the methodology necessary to conduct the outcome
22 research studies; and

23 (ii) Advise the Administration on any reasonable regulations
24 necessary to perform the outcome research studies in accordance with this subsection.

25 8-403.

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

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

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

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

36 (c) This section does not apply to:

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

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

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

9 (d) Unless requested, the certification requirements of this section do not
10 apply to a hospital as defined in § 19-301 of this article accredited by the Joint
11 Commission on Accreditation of Hospitals with a separately accredited alcohol and
12 drug abuse program.

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

15 10-104.

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

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

21 (1) IS UNINSURED;

22 (2) IS ENROLLED IN THE MARYLAND MEDICAL ASSISTANCE PROGRAM;
23 OR

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

27 10-901.

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

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

32 (ii) Qualifications of staff and quality of professional services of
33 eligible programs;

34 (iii) Eligibility for AND COSTS OF receiving services under eligible
35 programs; and

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

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

6 (3) The rules and regulations shall ensure:

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

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

12 (4) The rules and regulations shall require that, prior to approval for
13 receipt of State funding under Part I of this subtitle, a nonprofit organization or
14 private community-based organization shall submit the following to the Department:

15 (i) A written list of the names of the members of the board of
16 directors and corporate officers of the organization;

17 (ii) A business plan that clearly demonstrates the ability of the
18 organization to provide services in accordance with Maryland regulations and
19 funding requirements;

20 (iii) A summary of the organization's demonstrated experience in
21 the field of mental health, in accordance with standards developed by the
22 Department;

23 (iv) Prior licensing reports issued within the previous 10 years from
24 any in-State or out-of-state entities associated with the organization, including
25 deficiency reports and compliance records on which the State may make reasoned
26 decisions about the qualifications of the organization; and

27 (v) A written quality assurance plan, approved by the Mental
28 Hygiene Administration, to address how the organization will ensure the health and
29 safety of the individuals served by the organization and the quality of services
30 provided to individuals by the organization.

31 (5) In order for a nonprofit organization or private community-based
32 organization to be eligible to receive funds under Part I of this subtitle:

33 (i) An immediate family member of an employee of an organization
34 may not serve as a voting member of the governing body of the organization; and

35 (ii) A member of the governing body of the organization may not
36 have served as a member of a governing body of an organization that has had a
37 license revoked by the Department within the previous 10 years.

1 (6) Before determining that a nonprofit organization or private
2 community-based organization is eligible to receive funds under Part I of this
3 subtitle, the Department shall perform an on-site investigation of the organization.

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

18 **Article - Insurance**

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

20 14-501.

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

22 (b) "Administrator" means:

23 (1) a person that is registered as an Administrator under Title 8, Subtitle
24 3 of this article; or

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

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

28 (d) "Carrier" means:

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

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

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

3 (e) "Creditable coverage" has the meaning stated in § 15-1301 of this article.

4 (f) "Eligible individual" has the meaning stated in § 15-1301 of this article.

5 (g) "Fund" means the [Maryland Health Insurance Plan] MDCARE Fund.

6 [(h) (1) "Medically uninsurable individual" means an individual who is a
7 resident of the State and who:

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

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

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

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

17 (v) is eligible for the tax credit for health insurance costs under § 35
18 of the Internal Revenue Code; or

19 (vi) is a dependent of an individual who is eligible for coverage
20 under this subsection.

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

23 (i) the federal Medicare program;

24 (ii) the Maryland Medical Assistance Program;

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

26 (iv) an employer-sponsored group health insurance plan that
27 includes benefits comparable to Plan benefits, unless the individual is eligible for the
28 tax credit for health insurance costs under § 35 of the Internal Revenue Code.

29 (i) "Plan" means the Maryland Health Insurance Plan.

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

32 (I) (1) "UNINSURED INDIVIDUAL" MEANS AN INDIVIDUAL:

- 1 (I) WHO IS A RESIDENT OF THE STATE;
- 2 (II) WHOSE ANNUAL FAMILY INCOME:
- 3 1. IN FISCAL YEAR 2007, IS BELOW 150% OF THE FEDERAL
4 POVERTY LEVEL; OR
- 5 2. IN FISCAL YEAR 2008 AND EACH FISCAL YEAR
6 THEREAFTER, IS BELOW 350% OF THE FEDERAL POVERTY LEVEL; AND
- 7 (III) WHOSE EMPLOYER:
- 8 1. OFFERS HEALTH INSURANCE COVERAGE THAT:
- 9 A. DOES NOT OFFER BENEFITS COMPARABLE TO THE
10 COMPREHENSIVE STANDARD HEALTH BENEFIT PLAN UNDER § 15-1207 OF THIS
11 ARTICLE; OR
- 12 B. COSTS MORE THAN 3% OF THE INCOME OF THE
13 UNINSURED INDIVIDUAL FOR INDIVIDUAL COVERAGE OR MORE THAN 6% OF THE
14 INCOME OF THE UNINSURED INDIVIDUAL FOR FAMILY COVERAGE; OR
- 15 2. OFFERS NO HEALTH INSURANCE COVERAGE.
- 16 (2) "UNINSURED INDIVIDUAL" DOES NOT INCLUDE AN INDIVIDUAL:
- 17 (I) WHO IS ELIGIBLE FOR COVERAGE UNDER:
- 18 1. THE FEDERAL MEDICARE PROGRAM;
- 19 2. THE MARYLAND MEDICAL ASSISTANCE PROGRAM;
- 20 3. THE MARYLAND CHILDREN'S HEALTH PROGRAM; OR
- 21 4. AN EMPLOYER-SPONSORED GROUP HEALTH INSURANCE
22 PLAN THAT INCLUDES AT LEAST ALL OF THE BENEFITS OFFERED IN THE
23 COMPREHENSIVE STANDARD HEALTH BENEFIT PLAN UNDER § 15-1207 OF THIS
24 ARTICLE AND DOES NOT COST MORE THAN 3% OF THE INCOME OF THE UNINSURED
25 INDIVIDUAL FOR INDIVIDUAL COVERAGE OR MORE THAN 6% OF THE INCOME OF THE
26 UNINSURED INDIVIDUAL FOR FAMILY COVERAGE; OR
- 27 (II) WHOSE EMPLOYER, IN THE LAST 6 MONTHS:
- 28 1. TERMINATED THE INDIVIDUAL'S COVERAGE;
- 29 2. DECREASED BENEFITS BELOW THE LEVEL REQUIRED IN
30 THE COMPREHENSIVE STANDARD HEALTH BENEFIT PLAN UNDER § 15-1207 OF THIS
31 ARTICLE; OR
- 32 3. INCREASED THE COST OF COVERAGE TO BE MORE THAN
33 3% OF THE INCOME OF THE UNINSURED INDIVIDUAL FOR INDIVIDUAL COVERAGE OR

1 MORE THAN 6% OF THE INCOME OF THE UNINSURED INDIVIDUAL FOR FAMILY
2 COVERAGE.

3 14-502.

4 [(a) There is a Maryland Health Insurance Plan.

5 (b)] (A) [The Plan is an independent unit that operates within the
6 Administration] MDCARE IS ESTABLISHED AS A QUASI-PUBLIC NONPROFIT
7 CORPORATION NOT TO BE CONSIDERED AN INSTRUMENTALITY OF STATE
8 GOVERNMENT, EXCEPT AS PROVIDED BY STATUTE.

9 [(c)] (B) The purpose of [the Plan is to decrease uncompensated care costs by
10 providing access to affordable, comprehensive health benefits for medically
11 uninsurable residents of the State by July 1, 2003] MDCARE IS TO PROVIDE
12 AFFORDABLE, COMPREHENSIVE HEALTH BENEFITS FOR UNINSURED INDIVIDUALS
13 WITHOUT ACCESS TO AFFORDABLE, EMPLOYER-SPONSORED HEALTH COVERAGE.

14 [(d)] (C) It is the intent of the General Assembly that [the Plan] MDCARE
15 operate as a nonprofit entity and that Fund revenue, to the extent consistent with
16 good business practices, be used to subsidize health insurance coverage for [medically
17 uninsurable individuals] UNINSURED INDIVIDUALS.

18 14-503.

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

20 (b) [The Plan] MDCARE shall operate subject to the supervision and control of
21 the Board.

22 (c) The Board consists of [nine] 16 members, of whom:

23 (1) one shall be the Commissioner;

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

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

28 (4) one shall be the Secretary of the Department of Budget and
29 Management;

30 (5) [two] FOUR shall be appointed by the Director of the Health,
31 Education, and Advocacy Unit in the Office of the Attorney General in accordance
32 with subsection (d) of this section;

33 (6) one shall be appointed by the Commissioner to represent carriers
34 operating in the State;

1 (7) one shall be appointed by the Commissioner to represent insurance
2 producers selling insurance in the State; [and]

3 (8) one shall be an individual who is an owner or employee of a
4 minority-owned business in the State, appointed by the Governor;

5 (9) ONE SHALL BE APPOINTED BY THE COMMISSIONER TO REPRESENT
6 THE DISABILITIES COMMUNITY;

7 (10) ONE SHALL BE APPOINTED BY THE COMMISSIONER TO REPRESENT
8 THE SMALL BUSINESS COMMUNITY;

9 (11) ONE SHALL BE APPOINTED BY THE COMMISSIONER TO REPRESENT
10 LABOR UNIONS; AND

11 (12) TWO SHALL BE PHYSICIANS APPOINTED BY THE COMMISSIONER TO
12 REPRESENT THE CONCERNS OF MEDICAL PROVIDERS, ONE OF WHOM SHALL
13 REPRESENT THE MONUMENTAL CITY MEDICAL SOCIETY.

14 (d) (1) THE FOUR BOARD MEMBERS APPOINTED UNDER SUBSECTION (C)(5)
15 OF THIS SECTION SHALL BE CONSUMERS OF HEALTH SERVICES, ONE EACH FROM
16 THE EASTERN SHORE, CENTRAL MARYLAND, METRO-D.C. AREA, AND WESTERN
17 MARYLAND.

18 [(1)] (2) (i) [Each Board member appointed under subsection (c)(5) of
19 this section shall be a consumer who does] THE CONSUMER MEMBERS MAY not have
20 a substantial financial interest in a person regulated under this article or under Title
21 19, Subtitle 7 of the Health - General Article.

22 (ii) One of the Board members appointed under subsection (c)(5) of
23 this section shall be a member of a racial minority.

24 [(2)] (3) The term of an appointed member is 4 years.

25 [(3)] (4) At the end of a term, an appointed member continues to serve
26 until a successor is appointed and qualifies.

27 [(4)] (5) An appointed member who is appointed after a term has begun
28 serves only for the rest of the term and until a successor is appointed and qualifies.

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

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

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

34 (3) The Board shall determine the appropriate compensation for the
35 Executive Director.

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

4 [(g) The Board is not subject to:

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

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

8 (3) the provisions of Divisions II and III of the State Personnel and
9 Pensions Article.

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

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

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

16 (j) (1) The Board shall adopt regulations necessary to operate and
17 administer the Plan.

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

19 (i) residency requirements for Plan enrollees;

20 (ii) Plan enrollment procedures; and

21 (iii) any other Plan requirements as determined by the Board.

22 (k) In order to maximize volume discounts on the cost of prescription drugs,
23 the Board may aggregate the purchasing of prescription drugs for enrollees in the
24 Plan and enrollees in the Senior Prescription Drug Assistance Program established
25 under Part II of this subtitle.

26 (l) (G) For those members enrolled in [the Plan] MDCARE whose eligibility
27 in [the Plan] MDCARE is subject to the requirements of the federal tax credit for
28 health insurance costs under Section 35 of the Internal Revenue Code, the Board
29 shall report on or before December 1, 2003, and annually thereafter, to the Governor,
30 and subject to § 2-1246 of the State Government Article, to the General Assembly on
31 the number of members enrolled in [the Plan] MDCARE and the costs to [the Plan]
32 MDCARE associated with providing insurance to those members.

33 14-503.1.

34 (A) MDCARE IS NOT SUBJECT TO:

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

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

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

8 (B) EMPLOYEES OF MDCARE MAY ENGAGE IN COLLECTIVE BARGAINING.

9 (C) (1) MDCARE SHALL ADOPT A PLAN OF OPERATION.

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

12 (D) ON AN ANNUAL BASIS, MDCARE SHALL SUBMIT TO THE COMMISSIONER
13 AN AUDITED FINANCIAL REPORT OF THE FUND PREPARED BY AN INDEPENDENT
14 CERTIFIED PUBLIC ACCOUNTANT.

15 (E) (1) MDCARE SHALL ADOPT REGULATIONS NECESSARY TO CARRY OUT
16 THIS SUBTITLE.

17 (2) REGULATIONS ADOPTED BY MDCARE MAY INCLUDE:

18 (I) RESIDENCY REQUIREMENTS FOR MDCARE ENROLLEES;

19 (II) MDCARE ENROLLMENT PROCEDURES; AND

20 (III) ANY OTHER MDCARE REQUIREMENTS AS DETERMINED BY
21 MDCARE.

22 (F) IN ORDER TO MAXIMIZE VOLUME DISCOUNTS ON THE COST OF
23 PRESCRIPTION DRUGS, THE BOARD MAY AGGREGATE THE PURCHASING OF
24 PRESCRIPTION DRUGS FOR ENROLLEES IN MDCARE, ENROLLEES IN THE SENIOR
25 PRESCRIPTION DRUG PROGRAM ESTABLISHED UNDER PART II OF THIS SUBTITLE,
26 AND ENROLLEES IN THE MARYLAND MEDICAL ASSISTANCE PROGRAM, AS ALLOWED
27 BY FEDERAL LAW OR WAIVER.

28 14-504.

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

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

32 (3) The Treasurer shall separately hold and the Comptroller shall
33 account for the Fund.

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

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

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

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

10 (b) The Fund shall consist of:

11 (1) premiums for coverage that [the Plan] MDCARE issues;

12 (2) except as provided in § 14-513(a) of this subtitle, premiums paid by
13 enrollees of the Senior Prescription Drug Assistance Program;

14 (3) money collected in accordance with § 19-219 of the Health - General
15 Article;

16 (4) money deposited by a carrier in accordance with § 14-513 of this
17 subtitle;

18 (5) income from investments that the Board makes or authorizes on
19 behalf of the Fund;

20 (6) interest on deposits or investments of money from the Fund;

21 (7) premium tax revenue collected under § 14-107 of this title;

22 (8) money collected by the Board as a result of legal or other actions
23 taken by the Board on behalf of the Fund;

24 (9) money donated to the Fund; [and]

25 (10) money awarded to the Fund through grants; AND

26 (11) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND.

27 (c) (1) The Board may allow the Administrator to use premiums collected by
28 the Administrator from [Plan] MDCARE enrollees to pay claims for [Plan] MDCARE
29 enrollees.

30 (2) The Administrator:

31 (i) shall deposit all premiums for [Plan] MDCARE enrollees in a
32 separate account, titled in the name of the State of Maryland, for [the Maryland
33 Health Insurance Plan] MDCARE; and

1 (ii) may use money in the account only to pay claims for [Plan]
2 MDCARE enrollees.

3 (3) The Administrator shall keep complete and accurate records of all
4 transactions for the separate account.

5 (4) By the 15th of the following month, if monthly premiums collected by
6 the Administrator exceed monthly claims received, the Administrator shall deposit
7 the remaining balance, including interest, for that month in the Fund.

8 (d) (1) The Board shall take steps necessary to ensure that [Plan] MDCARE
9 enrollment does not exceed the number of enrollees [the Plan] MDCARE has the
10 financial capacity to insure.

11 (2) The Board may adopt regulations to limit the enrollment of otherwise
12 eligible medically uninsurable individuals whose premium is paid for by a
13 pharmaceutical manufacturer or its affiliate if the Board determines that their
14 enrollment would have an adverse financial impact on [the Plan] MDCARE.

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

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

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

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

25 14-505.

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

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

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

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

1 (2) THE BENEFIT PACKAGE:

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

4 (II) SHALL INCLUDE THE FOLLOWING:

5 1. BENEFITS EQUAL TO THE COMPREHENSIVE STANDARD
6 HEALTH BENEFIT PLAN UNDER § 15-1207 OF THIS ARTICLE;

7 2. DENTAL SERVICES;

8 3. HEARING AIDS;

9 4. SMOKING CESSATION PROGRAMS; AND

10 5. CORE PREVENTIVE SERVICES RECOMMENDED BY THE
11 UNITED STATES PREVENTATIVE SERVICES TASK FORCE.

12 (3) THE BOARD SHALL ENSURE THAT ENROLLEES MAY SELECT
13 FEDERALLY QUALIFIED HEALTH CENTERS AND SCHOOL-BASED HEALTH CENTERS
14 AS THEIR PRIMARY CARE PROVIDER AND THAT THE CENTERS ARE FULLY
15 INTEGRATED INTO THE MDCARE PLAN.

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

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

19 (3) If the Board determines that a standard risk rate would create
20 market dislocation, the Board may adjust the premium rate based on member age.

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

24 (2) The premium rate for Plan coverage:

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

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

28 (3) Premium rates shall be reasonably calculated to encourage
29 enrollment in the Plan.

30 (4) The Board may subsidize premiums, deductibles, and other policy
31 expenses, based on a member's income.]

32 (B) (1) THIS SUBSECTION APPLIES ONLY TO FISCAL YEAR 2007.

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

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

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

8 (I) MAY NOT REQUIRE A DEDUCTIBLE; AND

9 (II) SHALL REQUIRE:

10 1. A \$10 CO-PAYMENT; AND

11 2. 10% COINSURANCE ON PRESCRIPTION DRUGS AND
12 SERVICES.

13 (C) (1) THIS SUBSECTION APPLIES TO FISCAL YEAR 2008 AND EACH FISCAL
14 YEAR THEREAFTER.

15 (2) (I) THE BOARD:

16 1. MAY NOT CHARGE A PREMIUM FOR AN UNINSURED
17 INDIVIDUAL WHOSE ANNUAL FAMILY INCOME IS AT OR BELOW 200% OF THE
18 FEDERAL POVERTY LEVEL; AND

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

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

25 (3) FOR AN UNINSURED INDIVIDUAL WITH AN ANNUAL FAMILY INCOME
26 AT OR BELOW 200% OF THE FEDERAL POVERTY LEVEL, THE BOARD MAY NOT IMPOSE
27 ANY COST-SHARING REQUIREMENTS IN EXCESS OF THAT REQUIRED BY THE
28 MARYLAND MEDICAL ASSISTANCE PROGRAM.

29 (4) FOR AN UNINSURED INDIVIDUAL WITH AN ANNUAL FAMILY INCOME
30 ABOVE 200% BUT BELOW 350% OF THE FEDERAL POVERTY LEVEL, THE BOARD SHALL
31 REQUIRE:

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

34 (II) A \$10 CO-PAYMENT; AND

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

1 (d) Losses incurred by [the Plan] MDCARE shall be subsidized by the Fund.

2 14-506.

3 (a) (1) The Board shall select [an Administrator] ONE OR MORE
4 ADMINISTRATORS to administer [the plan] MDCARE.

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

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

9 (ii) the efficiency and timeliness of the Administrator's claim
10 processing procedures;

11 (iii) an estimate of total charges for administering [the Plan]
12 MDCARE;

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

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

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

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

21 (1) determination of eligibility;

22 (2) data collection;

23 (3) case management;

24 (4) financial tracking and reporting;

25 (5) payment of claims; and

26 (6) premium billing.

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

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

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

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

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

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

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

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

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

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

15 14-507.

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

21 14-508.

22 (a) [The Plan] MDCARE shall be the alternative mechanism for eligible
23 individuals under the federal Health Insurance Portability and Accountability Act in
24 accordance with 45 CFR 148.128.

25 (b) [The Plan] MDCARE may not apply a preexisting condition exclusion to an
26 eligible individual who applies for coverage under [the Plan] MDCARE within 63 days
27 of terminating prior creditable coverage.

28 (c) If the Board imposes a limit on the number of individuals who can
29 participate in [the Plan] MDCARE, the limit may not be applied to HIPAA eligible
30 individuals.

31 14-509.

32 (A) IN COLLABORATION WITH HOSPITALS, PHYSICIANS, AND OTHER HEALTH
33 CARE PRACTITIONERS IN THE STATE, THE BOARD SHALL ESTABLISH THE MARYLAND
34 QUALITY INSTITUTE.

35 (B) THE MARYLAND QUALITY INSTITUTE SHALL:

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

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

6 14-509.1.

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

8 (B) THE PURPOSE OF THE COMMISSION IS TO STUDY THE IMPLEMENTATION
9 OF UNIVERSAL HEALTH COVERAGE.

10 (C) THE COMMISSION CONSISTS OF:

11 (1) THE COMMISSIONER;

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

13 (3) THE CHAIRMAN OF THE MARYLAND HEALTH CARE COMMISSION;
14 AND

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

17 (I) A HEALTH ECONOMIST;

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

19 (III) A BUSINESS REPRESENTATIVE; AND

20 (IV) A CONSUMER REPRESENTATIVE NOMINATED BY THE
21 MARYLAND CITIZENS' HEALTH INITIATIVE.

22 (D) THE COMMISSION SHALL ELECT A CHAIRMAN FROM AMONG ITS
23 MEMBERS.

24 (E) THE MARYLAND HEALTH CARE COMMISSION SHALL STAFF THE
25 COMMISSION.

26 (F) THE COMMISSION SHALL STUDY:

27 (1) THE STATE'S PROGRESS TOWARD ACHIEVING UNIVERSAL HEALTH
28 COVERAGE;

29 (2) APPROPRIATE MEANS OF CLOSING ANY GAPS IN UNIVERSAL HEALTH
30 COVERAGE;

31 (3) THE IMPACT OF THE EMPLOYER COVERAGE REQUIREMENT ON
32 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, 2010, 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 SECTION 6. AND BE IT FURTHER ENACTED, That the Laws of Maryland
9 read as follows:

10 **Article - Insurance**

11 15-132.

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

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

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

27 (2) 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 LESS THAN 350% OF THE APPLICABLE POVERTY INCOME LEVEL AND
30 THE INDIVIDUAL IS ELIGIBLE FOR MDCARE:

31 (I) THE INDIVIDUAL SHALL BE ENROLLED IN MDCARE AND SHALL
32 PAY AS ADDITIONAL STATE INCOME TAX FOR THE TAXABLE YEAR THE APPLICABLE
33 MDCARE PREMIUM;

34 (II) THE COMPTROLLER SHALL COORDINATE WITH MDCARE AND
35 THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE TO DETERMINE ELIGIBILITY
36 OF THE INDIVIDUAL FOR MDCARE, THE MARYLAND MEDICAL ASSISTANCE PROGRAM,
37 AND THE MARYLAND CHILDREN'S HEALTH PROGRAM; AND

38 (III) IF THE INDIVIDUAL IS ELIGIBLE FOR MDCARE, THE MARYLAND
39 MEDICAL ASSISTANCE PROGRAM, OR THE MARYLAND CHILDREN'S HEALTH

1 PROGRAM, THE INDIVIDUAL SHALL BE AUTOMATICALLY ENROLLED AND ASSESSED A
2 3-MONTH PREMIUM BY THE COMPTROLLER.

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

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

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

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

19 **Article - Health - General**

20 15-142.

21 (a) In this section, "Fund" means the Fair Share Health Care Fund.

22 (b) There is a Fair Share Health Care Fund.

23 (c) The purpose of the Fund is to support the operations of the Program.

24 (d) (1) The Fund is a special, nonlapsing fund that is not subject to § 7-302
25 of the State Finance and Procurement Article.

26 (2) The Treasurer shall hold the Fund separately, and the Comptroller
27 shall account for the Fund.

28 (e) The Fund consists of:

29 (1) Any revenue received from payments made by employers under Title
30 8.5 of the Labor and Employment Article; and

31 (2) Any other money from any other source accepted for the benefit of
32 the Fund.

33 (f) The Fund may be used only to support the operations of the Program.

1 (g) (1) The Treasurer shall invest the money of the Fund in the same
2 manner as other State money may be invested.

3 (2) Any investment earnings of the Fund shall be retained to the credit of
4 the Fund.

5 (h) The Fund shall be subject to an audit by the Office of Legislative Audits as
6 provided for in § 2-1220 of the State Government Article.

7 **Article - Labor and Employment**

8 8.5-101.

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

10 (b) "Employee" means all individuals employed full time or part time directly
11 by an employer.

12 (c) (1) Except as provided in paragraph (2) of this subsection, "employer"
13 has the meaning stated in § 10-905 of the Tax - General Article.

14 (2) "Employer" does not include the federal government, the State,
15 another state, or a political subdivision of the State or another state.

16 (d) (1) "Health insurance costs" means the amount paid by an employer to
17 provide health care or health insurance to employees in the State to the extent the
18 costs may be deductible by an employer under federal tax law.

19 (2) "Health insurance costs" includes payments for medical care,
20 prescription drugs, vision care, medical savings accounts, and any other costs to
21 provide health benefits as defined in § 213(d) of the Internal Revenue Code.

22 (e) "Secretary" means the Secretary of Labor, Licensing, and Regulation.

23 (f) "Wages" has the meaning stated in § 10-905 of the Tax - General Article.

24 8.5-102.

25 This title applies to an employer with [10,000] ONE or more employees in the
26 State.

27 8.5-103.

28 (a) (1) On January 1, [2007] 2008, and annually thereafter, an employer
29 shall submit on a form and in a manner approved by the Secretary:

30 (i) the number of employees of the employer in the State as of 1
31 day in the year immediately preceding the previous calendar year as determined by
32 the employer on an annual basis;

1 (ii) the amount spent by the employer in the year immediately
2 preceding the previous calendar year on health insurance costs in the State; and

3 (iii) the percentage of payroll that was spent by the employer in the
4 year immediately preceding the previous calendar year on health insurance costs in
5 the State.

6 (2) The Secretary shall adopt regulations that specify the information
7 that an employer shall submit under paragraph (1) of this subsection.

8 (3) The information required shall:

9 (i) be designated in a report signed by the principal executive
10 officer or an individual performing a similar function; and

11 (ii) include an affidavit under penalty of perjury that the
12 information required under paragraph (1) of this subsection:

13 1. was reviewed by the signing officer; and

14 2. is true to the best of the signing officer's knowledge,
15 information, and belief.

16 (b) When calculating the percentage of payroll under subsection (a)(1)(iii) of
17 this section, an employer may exempt:

18 (1) wages paid to any employee in excess of the median household
19 income in the State as published by the United States Census Bureau; and

20 (2) wages paid to an employee who is enrolled in or eligible for Medicare.
21 8.5-104.

22 (a) An employer WITH 10,000 OR MORE EMPLOYEES that is organized as a
23 nonprofit organization that does not spend up to 6% of the total wages paid to
24 employees in the State on health insurance costs shall pay to the Secretary an
25 amount equal to the difference between what the employer spends for health
26 insurance costs and an amount equal to 6% of the total wages paid to employees in
27 the State.

28 (b) An employer WITH 10,000 OR MORE EMPLOYEES that is not organized as a
29 nonprofit organization and does not spend up to 8% of the total wages paid to
30 employees in the State on health insurance costs shall pay to the Secretary an
31 amount equal to the difference between what the employer spends for health
32 insurance costs and an amount equal to 8% of the total wages paid to employees in
33 the State.

34 (C) AN EMPLOYER WITH FEWER THAN 10,000 EMPLOYEES THAT IS ORGANIZED
35 AS A NONPROFIT ORGANIZATION THAT DOES NOT SPEND UP TO 3% OF THE TOTAL
36 WAGES PAID TO EMPLOYEES IN THE STATE ON HEALTH INSURANCE COSTS SHALL

1 PAY TO THE SECRETARY AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN WHAT
2 THE EMPLOYER SPENDS FOR HEALTH INSURANCE COSTS AND AN AMOUNT EQUAL
3 TO 3% OF THE TOTAL WAGES PAID TO EMPLOYEES IN THE STATE.

4 (D) AN EMPLOYER WITH FEWER THAN 10,000 EMPLOYEES THAT IS NOT
5 ORGANIZED AS A NONPROFIT ORGANIZATION AND DOES NOT SPEND UP TO 4.5% OF
6 THE TOTAL WAGES PAID TO EMPLOYEES IN THE STATE ON HEALTH INSURANCE
7 COSTS SHALL PAY TO THE SECRETARY AN AMOUNT EQUAL TO THE DIFFERENCE
8 BETWEEN WHAT THE EMPLOYER SPENDS FOR HEALTH INSURANCE COSTS AND AN
9 AMOUNT EQUAL TO 4.5% OF THE TOTAL WAGES PAID TO EMPLOYEES IN THE STATE.

10 [(c)] (E) An employer may not deduct any payment made under subsection
11 [(a) or (b)] (A), (B), (C), OR (D) of this section from the wages of an employee.

12 [(d)] (F) An employer shall make the payment required under this section to
13 the Secretary on a periodic basis as determined by the Secretary.

14 8.5-105.

15 (a) Failure to report in accordance with § 8.5-103 of this title shall result in
16 the imposition by the Secretary of a civil penalty of \$250 for each day that the report
17 is not timely filed.

18 (b) Failure to make the payment required under § 8.5-104 of this title shall
19 result in the imposition by the Secretary of a civil penalty of \$250,000.

20 SECTION 8. AND BE IT FURTHER ENACTED, That, on or before November 1,
21 2006, the Department of Health and Mental Hygiene, in consultation with the Office
22 of the Attorney General, shall seek approval of a waiver from the federal Food and
23 Drug Administration that would allow the State to operate a program to purchase and
24 import prescription drugs from Canada and certify the safety and efficacy of any
25 prescription drugs imported from Canada.

26 SECTION 9. AND BE IT FURTHER ENACTED, That, on or before November 1,
27 2006, the Department of Health and Mental Hygiene shall seek approval from the
28 Centers for Medicare and Medicaid Services to allow the State to use matching funds
29 to operate a program that purchases and imports prescription drugs from Canada on
30 the approval of the waiver from the federal Food and Drug Administration sought by
31 the Department under Section 8 of this Act.

32 SECTION 10. AND BE IT FURTHER ENACTED, That:

33 (a) On or before January 1, 2007, the Department of Health and Mental
34 Hygiene shall complete a plan to implement a Canadian Mail Order Plan for the
35 purchase and importation of prescription drugs in accordance with subsection (b) of
36 this section.

37 (b) (1) The Canadian Mail Order Plan shall provide prescription drugs, as
38 specified in this subsection, to the following individuals:

1 (i) State Employee and Retiree Health and Welfare Benefits
2 Program enrollees;

3 (ii) Maryland Medical Assistance Program recipients;

4 (iii) Maryland Pharmacy Assistance Program recipients;

5 (iv) enrollees and recipients of any other State prescription drug
6 program as the Secretary of Health and Mental Hygiene considers appropriate;

7 (v) on the request of a local jurisdiction and the execution by the
8 local jurisdiction and the Department of Health and Mental Hygiene of a
9 memorandum of understanding, local government employees and retirees; and

10 (vi) any individual in the State without health insurance or
11 prescription drug coverage.

12 (2) The Secretary of Health and Mental Hygiene shall contract with a
13 pharmacy benefits manager to operate the Canadian Mail Order Plan, under the
14 direction of the Secretary.

15 (3) The pharmacy benefits manager shall incorporate patient safety
16 features in the Canadian Mail Order Plan, including:

17 (i) requiring a participant, prior to filling a drug prescription
18 through the Canadian Mail Order Plan, to:

19 1. use and tolerate the prescription drug for a minimum of 1
20 month through retail purchase; and

21 2. submit to the pharmacy benefits manager a brief medical
22 history, including allergies, medication history, and diagnoses;

23 (ii) developing a restricted list of prescription drugs appropriate for
24 purchase through mail order;

25 (iii) using only licensed pharmacists to dispense prescription drugs;
26 and

27 (iv) requiring prescription drugs to be provided through "unit of
28 use" packaging, sealed and shipped directly from the manufacturer to the pharmacy
29 and then to the participant, in order to reduce medication errors and the possibility of
30 counterfeit drugs.

31 (4) The cost to both the State and the participant for a prescription drug
32 provided through the Canadian Mail Order Plan shall be less than the cost to both the
33 State and the participant through retail purchase.

34 (5) The Secretary of Health and Mental Hygiene shall provide a
35 financial incentive, such as the elimination or reduction of the co-payment, to
36 participants to purchase prescription drugs through the Canadian Mail Order Plan.

1 SECTION 11. AND BE IT FURTHER ENACTED, That, on or before January 1
2 of each year, the Department of Health and Mental Hygiene shall submit a report for
3 the prior fiscal year to the Governor and, in accordance with § 2-1246 of the State
4 Government Article, to the General Assembly:

5 (1) comparing the approximate costs to the State of purchasing and
6 importing prescription drugs from Canada under the Canadian Mail Order Plan and
7 the approximate costs to the State of purchasing prescription drugs in the United
8 States;

9 (2) if the waiver and the request specified in Sections 8 and 9 of this Act
10 are approved, specifying the savings, if any, realized as a result of participation in the
11 Canadian Mail Order Plan; and

12 (3) if either the waiver or the request specified in Sections 8 and 9 of this
13 Act is denied, specifying the potential savings that could be realized as a result of
14 participation in the Canadian Mail Order Plan.

15 SECTION 12. AND BE IT FURTHER ENACTED, That, the Department of
16 Health and Mental Hygiene shall implement the Canadian Mail Order Plan in
17 accordance with the implementation plan required under Section 10 of this Act within
18 30 days after the later occurs:

19 (1) approval by the federal Food and Drug Administration of the waiver
20 applied for under Section 8 of this Act; and

21 (2) approval by the Centers for Medicare and Medicaid Services of the
22 request applied for under Section 9 of this Act.

23 SECTION 13. AND BE IT FURTHER ENACTED, That if the waiver requested
24 in Section 8 of this Act is denied, the Office of the Attorney General shall file suit in
25 the appropriate court to seek appropriate relief to address the refusal to authorize the
26 purchase and importation of prescription drugs from Canada.

27 SECTION 14. AND BE IT FURTHER ENACTED, That Sections 10 and 12 of
28 this Act shall take effect, contingent on the approval by the federal Food and Drug
29 Administration of the waiver applied for under Section 8 of this Act and the approval
30 by the Centers for Medicare and Medicaid Services of the request applied for under
31 Section 9 of this Act. If on or before December 31, 2006, the approvals of the waiver
32 and the request have not been granted, Sections 10 and 12 of this Act, with no further
33 action required by the General Assembly, shall be null and void and of no further force
34 and effect. The Department of Health and Mental Hygiene, within 5 days after
35 receiving notice of approval or denial of a waiver applied for under Section 8 of this
36 Act or a request applied for under Section 9 of this Act, shall forward a copy of the
37 notice to the Department of Legislative Services, 90 State Circle, Annapolis,
38 Maryland 21401.

39 SECTION 15. AND BE IT FURTHER ENACTED, That all cigarettes used,
40 possessed, or held in the State on or after July 1, 2006, by any person for sale or use
41 in the State, shall be subject to the full tobacco tax of \$2.00 on cigarettes imposed by

1 this Act. This requirement includes: (1) cigarettes in vending machines or other
2 mechanical dispensers; and (2) cigarettes (generally referred to as "floor stock") in
3 packages that already bear stamps issued by the Comptroller under the State Tobacco
4 Tax Act but for an amount less than the full tax imposed of \$1.00 for each 10
5 cigarettes or fractional part thereof. All cigarettes held for sale by any person in the
6 State on or after July 1, 2006, that bear a stamp issued by the Comptroller of a value
7 less than \$2.00 for each pack of 20 cigarettes must be stamped with the additional
8 stamps necessary to make the aggregate tax value equal to \$2.00. In lieu of the
9 additional stamps necessary to make the aggregate tax value equal to \$2.00, the
10 Comptroller may provide an alternate method of collecting the additional tax. The
11 revenue attributable to this requirement shall be remitted to the Comptroller by
12 September 30, 2006. Except as provided above, on and after July 1, 2006, no
13 Maryland stamp shall be used except the stamp issued by the Comptroller to evidence
14 the tobacco tax on cigarettes of \$2.00 imposed by this Act.

15 SECTION 16. AND BE IT FURTHER ENACTED, That, for fiscal year 2007,
16 funds may be appropriated and transferred by budget amendment from the Healthy
17 Maryland Initiative Fund in the amount and for the purposes specified as follows:

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

20 (2) at least \$10,000,000 for the Maryland Medical Assistance Program,
21 including:

22 (i) at least \$7,000,000 for coverage for all legal immigrant children
23 under the age of 18 years and pregnant women; and

24 (ii) at least \$3,000,000 to begin expansion of Medicaid eligibility for
25 parents;

26 (3) at least \$10,000,000 for the specialty care network established under
27 § 19-2111 of the Health - General Article; and

28 (4) at least \$15,000,000 for the Small Business Health Care Incentive
29 Program established under Article 83A, § 5-1902 of the Code.

30 SECTION 17. AND BE IT FURTHER ENACTED, That the Department of
31 Health and Mental Hygiene shall seek approval from the Centers for Medicare and
32 Medicaid Services of an amendment to the State Medicaid plan that would allow the
33 State to phase in coverage expansion under the Maryland Medical Assistance
34 Program for all parents with whom a dependent child resided and who have a
35 household income at or below 200% of the federal poverty level as follows:

36 (1) in fiscal year 2008, extend eligibility to each parent with an annual
37 household income at or below 75% of the federal poverty level;

38 (2) in fiscal year 2009, extend eligibility to each parent with an annual
39 household income at or below 100% of the federal poverty level; and

1 (3) in fiscal year 2010, extend eligibility to each parent with an annual
2 household income at or below 200% of the federal poverty level.

3 SECTION 18. AND BE IT FURTHER ENACTED, That the Department of
4 Health and Mental Hygiene shall seek approval from the Centers for Medicare and
5 Medicaid Services of a waiver under § 1115 of the federal Social Security Act that
6 would allow the State to use Title XXI (S-CHIP) funds to implement the expansion of
7 Maryland Children's Health Program under §§ 15-301 and 15-301.1 of the Health -
8 General Article as enacted by this Act.

9 SECTION 19. AND BE IT FURTHER ENACTED, That the Department of
10 Health and Mental Hygiene shall seek approval from the Centers for Medicare and
11 Medicaid Services of a waiver under § 1115 of the federal Social Security Act that
12 would allow the State to cover newly eligible Maryland Medical Assistance Program
13 parents under § 14-501 of the Insurance Article as enacted by this Act.

14 SECTION 20. AND BE IT FURTHER ENACTED, That:

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

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

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

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

24 SECTION 21. AND BE IT FURTHER ENACTED, That the Insurance
25 Commissioner shall report to the House Health and Government Operations
26 Committee and the Senate Finance Committee on or before December 31 of each year
27 on whether or not health insurance issuers are passing on anticipated savings from
28 the reduction in uncompensated care to policyholders, and what steps have been
29 taken to ensure that insurers are passing on those reduced costs to policyholders.

30 SECTION 22. AND BE IT FURTHER ENACTED, That, subject to the approval
31 of the Executive Director of the Department of Legislative Services, the publishers of
32 the Annotated Code of Maryland shall propose the correction of cross-references that
33 are rendered incorrect by this Act.

34 SECTION 23. AND BE IT FURTHER ENACTED, That § 15-103(a) of the
35 Health - General Article, as enacted by Section 1 of this Act, shall take effect on the
36 date that the Centers for Medicare and Medicaid Services approves a plan
37 amendment applied for in accordance with Section 17 of this Act. The Department of
38 Health and Mental Hygiene shall, within 5 working days of the date of the approval
39 of the State's waiver amendment application, notify the Department of Legislative
40 Services in writing at 90 State Circle, Annapolis, Maryland 21401.

1 SECTION 24. AND BE IT FURTHER ENACTED, That Section 2 of this Act
2 shall take effect on the date that the Centers for Medicare and Medicaid Services
3 approves a waiver amendment applied for in accordance with Section 18 of this Act.
4 The Department of Health and Mental Hygiene shall, within 5 working days of the
5 date of the approval of the State's waiver amendment application, notify the
6 Department of Legislative Services in writing at 90 State Circle, Annapolis, Maryland
7 21401. If the waiver amendment is denied, Section 2 of this Act shall be null and void
8 without the necessity of further action by the General Assembly.

9 SECTION 25. AND BE IT FURTHER ENACTED, That newly eligible Maryland
10 Medical Assistance Program parents shall be enrolled in MdCare under § 14-501 of
11 the Insurance Article as enacted by this Act. The Department of Health and Mental
12 Hygiene shall, within 5 working days of the date of the approval of the State's waiver
13 amendment application, notify the Department of Legislative Services in writing at
14 90 State Circle, Annapolis, Maryland 21401. If the waiver is denied, and subject to
15 Section 23 as enacted by this Act, all eligible parents shall be enrolled in the
16 Maryland Medical Assistance Program.

17 SECTION 26. AND BE IT FURTHER ENACTED, That Sections 4, 5, and 20 of
18 this Act shall take effect July 1, 2007.

19 SECTION 27. AND BE IT FURTHER ENACTED, That Section 6 of this Act
20 shall take effect July 1, 2008.

21 SECTION 28. AND BE IT FURTHER ENACTED, That Section 7 of this Act
22 shall take effect January 1, 2007, the effective date of Chapters 1 and 3 of the Acts of
23 the General Assembly of 2006. If the effective date of Chapters 1 and 3 of the Acts of
24 the General Assembly of 2006 is amended, Section 7 of this Act shall take effect on the
25 taking effect of Chapters 1 and 3.

26 SECTION 29. AND BE IT FURTHER ENACTED, That, except as provided in
27 Sections 14, 23, 24, 25, 26, 27, and 28, this Act shall take effect July 1, 2006.