

HOUSE BILL 572

C3, Q3

71r0454

By: **Delegates Elliott, Benson, Donoghue, Goldwater, Hammen, Hubbard, Krebs, Kullen, Mizeur, Montgomery, Morhaim, Nathan-Pulliam, Oaks, Pena-Melnyk, Riley, Shewell, Stull, Tarrant, and Weldon**

Introduced and read first time: February 7, 2007

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Expansion of Coverage**

3 FOR the purpose of establishing a Health Insurance Premium Subsidy Program in the
4 Department of Health and Mental Hygiene; establishing the purposes,
5 eligibility requirements, and subsidy qualifications of the Program; specifying
6 the responsibilities of the Department under the Program; establishing a
7 Health Insurance Premium Subsidy Fund; establishing the sources and uses of
8 funds in the Health Insurance Premium Subsidy Fund; requiring the State
9 Treasurer to invest the money in the Fund in a certain manner; providing that
10 any investment earnings of the Fund shall be retained to the credit of the Fund;
11 requiring expenditures from the Fund to be made only in accordance with the
12 State budget; providing that the Fund is subject to audit by the Office of
13 Legislative Audits; imposing a surcharge on the income tax of certain
14 individuals with income above a certain level; providing that the surcharge does
15 not apply if certain individuals had certain health care coverage or did not
16 reside in the State; providing for certain exceptions; requiring the revenues
17 from the surcharge to be distributed to the Health Insurance Premium Subsidy
18 Fund; requiring an employer to base withholding for certain employees on a
19 certain number of exemptions under certain circumstances; requiring the
20 Secretary of Health and Mental Hygiene, on or before a certain date, to develop
21 and implement an Internet portal to provide coordinated access to health and
22 human services programs and benefits; requiring the Internet portal to include
23 certain elements; requiring the Secretary, on or before a certain date, to make a
24 certain report; requiring the Comptroller to widely publicize the requirements of

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 this Act for a certain purpose; defining certain terms; providing for the
2 application of certain provisions of this Act; providing for a delayed effective
3 date for certain provisions of this Act; and generally relating to expansion of
4 health insurance coverage through a Health Insurance Premium Subsidy
5 Program, an income tax surcharge, and an Internet portal.

6 BY adding to

7 Article – Health – General

8 Section 15–701 through 15–705 to be under the new subtitle “Subtitle 7. Health
9 Insurance Premium Subsidy Program”; and Section 15–801 to be under
10 the new subtitle “Subtitle 8. Internet Portal for Coordinated Access to
11 Health and Human Services Programs and Benefits”

12 Annotated Code of Maryland

13 (2005 Replacement Volume and 2006 Supplement)

14 BY repealing and reenacting, with amendments,

15 Article – Insurance

16 Section 15–1301(f)(1)

17 Annotated Code of Maryland

18 (2006 Replacement Volume and 2006 Supplement)

19 BY adding to

20 Article – Tax – General

21 Section 10–106.2

22 Annotated Code of Maryland

23 (2004 Replacement Volume and 2006 Supplement)

24 BY repealing and reenacting, with amendments,

25 Article – Tax – General

26 Section 10–910(b)

27 Annotated Code of Maryland

28 (2004 Replacement Volume and 2006 Supplement)

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

31 **Article – Health – General**

32 **SUBTITLE 7. HEALTH INSURANCE PREMIUM SUBSIDY PROGRAM.**

33 **15–701.**

1 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
2 INDICATED.

3 (B) “FUND” MEANS THE HEALTH INSURANCE PREMIUM SUBSIDY
4 FUND.

5 (C) “PROGRAM” MEANS THE HEALTH INSURANCE PREMIUM SUBSIDY
6 PROGRAM.

7 **15-702.**

8 (A) THERE IS A HEALTH INSURANCE PREMIUM SUBSIDY PROGRAM IN
9 THE DEPARTMENT.

10 (B) THE PURPOSES OF THE PROGRAM ARE TO:

11 (1) PROVIDE AN INCENTIVE FOR INDIVIDUALS AND FAMILIES
12 WITH MODERATE INCOME TO PURCHASE HEALTH INSURANCE;

13 (2) ASSIST INDIVIDUALS AND FAMILIES WITH MODERATE INCOME
14 TO AFFORD HEALTH INSURANCE;

15 (3) PROMOTE ACCESS TO HEALTH CARE SERVICES,
16 PARTICULARLY PREVENTIVE HEALTH CARE SERVICES THAT MIGHT REDUCE
17 THE NEED FOR EMERGENCY ROOM CARE AND OTHER ACUTE CARE SERVICES;
18 AND

19 (4) REDUCE UNCOMPENSATED CARE IN HOSPITALS AND OTHER
20 HEALTH CARE SETTINGS.

21 (C) FUNDING FOR THE PROGRAM SHALL BE PROVIDED FROM THE
22 HEALTH INSURANCE PREMIUM SUBSIDY FUND ESTABLISHED UNDER THIS
23 SUBTITLE.

24 **15-703.**

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

1 **(1) SHALL HAVE HOUSEHOLD INCOME AT OR BELOW 300% OF**
2 **THE FEDERAL POVERTY GUIDELINES;**

3 **(2) MAY NOT HAVE ACCESS TO AN EMPLOYER SPONSORED PLAN**
4 **OR GROUP HEALTH INSURANCE PLAN, EXCEPT UNDER A CONTINUATION OF**
5 **BENEFITS PROVISION;**

6 **(3) MAY NOT HAVE BEEN COVERED BY HEALTH INSURANCE,**
7 **EXCEPT AS A DEPENDENT, FOR AT LEAST 6 CONSECUTIVE MONTHS AT THE TIME**
8 **OF APPLICATION FOR THE PROGRAM;**

9 **(4) SHALL BE A RESIDENT OF THE STATE;**

10 **(5) SHALL AGREE TO PAY INSURANCE PREMIUMS AND ADHERE TO**
11 **OTHER REQUIRED PROVISIONS OF A HEALTH INSURANCE POLICY; AND**

12 **(6) SHALL SATISFY ANY OTHER ELIGIBILITY REQUIREMENTS**
13 **ESTABLISHED BY THE DEPARTMENT.**

14 **(B) AN INDIVIDUAL SHALL REMAIN ELIGIBLE TO PARTICIPATE IN THE**
15 **PROGRAM, AS LONG AS THE INDIVIDUAL CONTINUES TO MEET THE**
16 **REQUIREMENTS UNDER SUBSECTION (A) OF THIS SECTION.**

17 **15-704.**

18 **(A) BEGINNING IN JANUARY 2008, THE DEPARTMENT SHALL PROVIDE**
19 **A SUBSIDY FOR A HEALTH INSURANCE POLICY PURCHASED BY AN INDIVIDUAL**
20 **WHO MEETS THE ELIGIBILITY REQUIREMENTS OF THIS SUBTITLE.**

21 **(B) THE SUBSIDY SHALL BE PROVIDED THROUGH A VOUCHER ON A**
22 **MONTHLY BASIS AND:**

23 **(1) FOR AN INDIVIDUAL WITH HOUSEHOLD INCOME AT OR BELOW**
24 **225% OF THE FEDERAL POVERTY GUIDELINES, SHALL EQUAL THE LESSER OF:**

25 **(I) 50% OF THE PREMIUM FOR THE HEALTH INSURANCE**
26 **POLICY; OR**

27 **(II) 1. \$150 FOR INDIVIDUAL COVERAGE; OR**

1 **2. \$300 FOR INDIVIDUAL PLUS SPOUSE, INDIVIDUAL**
2 **PLUS CHILDREN, OR FAMILY COVERAGE;**

3 **(2) FOR AN INDIVIDUAL WITH HOUSEHOLD INCOME OVER 225%**
4 **BUT NOT OVER 250% OF THE FEDERAL POVERTY GUIDELINES, SHALL EQUAL**
5 **THE LESSER OF:**

6 **(I) 40% OF THE PREMIUM FOR THE HEALTH INSURANCE**
7 **POLICY; OR**

8 **(II) 1. \$125 FOR INDIVIDUAL COVERAGE; OR**

9 **2. \$250 FOR INDIVIDUAL PLUS SPOUSE, INDIVIDUAL**
10 **PLUS CHILDREN, OR FAMILY COVERAGE;**

11 **(3) FOR AN INDIVIDUAL WITH HOUSEHOLD INCOME OVER 225%**
12 **BUT NOT OVER 275% OF THE FEDERAL POVERTY GUIDELINES, SHALL EQUAL**
13 **THE LESSER OF:**

14 **(I) 30% OF THE PREMIUM FOR THE HEALTH INSURANCE**
15 **POLICY; OR**

16 **(II) 1. \$100 FOR INDIVIDUAL COVERAGE; OR**

17 **2. \$200 FOR INDIVIDUAL PLUS SPOUSE, INDIVIDUAL**
18 **PLUS CHILDREN, OR FAMILY COVERAGE; AND**

19 **(4) FOR AN INDIVIDUAL WITH HOUSEHOLD INCOME OVER 275%**
20 **BUT NOT OVER 300% OF THE FEDERAL POVERTY GUIDELINES, SHALL EQUAL**
21 **THE LESSER OF:**

22 **(I) 20% OF THE PREMIUM FOR THE HEALTH INSURANCE**
23 **POLICY; OR**

24 **(II) 1. \$75 FOR INDIVIDUAL COVERAGE; OR**

25 **2. \$150 FOR INDIVIDUAL PLUS SPOUSE, INDIVIDUAL**
26 **PLUS CHILDREN, OR FAMILY COVERAGE.**

1 **(C) THE DEPARTMENT SHALL ENROLL THE CHILDREN OF ELIGIBLE**
2 **INDIVIDUALS IN THE MARYLAND CHILDREN'S HEALTH PROGRAM, TO THE**
3 **EXTENT THAT THE CHILDREN MEET ELIGIBILITY REQUIREMENTS AND**
4 **RESOURCES ARE AVAILABLE THROUGH THE ANNUAL STATE BUDGET.**

5 **(D) TO QUALIFY FOR A SUBSIDY UNDER THE PROGRAM, A HEALTH**
6 **INSURANCE POLICY MUST BE EITHER:**

7 **(1) AN INDIVIDUAL HEALTH BENEFIT PLAN; OR**

8 **(2) A POLICY OR CONTRACT PROVIDED UNDER A CONTINUATION**
9 **OF BENEFITS PROVISION.**

10 **15-705.**

11 **(A) THERE IS A HEALTH INSURANCE PREMIUM SUBSIDY FUND.**

12 **(B) THE PURPOSE OF THE FUND IS TO SUPPORT THE PROGRAM.**

13 **(C) THE DEPARTMENT SHALL ADMINISTER THE FUND.**

14 **(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
15 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

16 **(2) THE STATE TREASURER SHALL HOLD THE FUND**
17 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

18 **(E) THE FUND CONSISTS OF:**

19 **(1) REVENUE DISTRIBUTED TO THE FUND UNDER § 10-106.2 OF**
20 **THE TAX - GENERAL ARTICLE;**

21 **(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**

22 **(3) INVESTMENT EARNINGS; AND**

23 **(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**
24 **FOR THE BENEFIT OF THE FUND.**

1 **(F) THE FUND MAY BE USED ONLY FOR:**

2 **(1) HEALTH INSURANCE PREMIUM SUBSIDIES PROVIDED UNDER**
3 **§ 15-704 OF THIS SUBTITLE; AND**

4 **(2) THE DIRECT COSTS OF ADMINISTERING THE PROGRAM.**

5 **(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE**
6 **FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

7 **(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID**
8 **INTO THE FUND.**

9 **(H) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN**
10 **ACCORDANCE WITH THE STATE BUDGET.**

11 **(I) THE FUND IS SUBJECT TO AUDIT BY THE OFFICE OF LEGISLATIVE**
12 **AUDITS.**

13 **Article - Insurance**

14 15-1301.

15 (f) (1) “Creditable coverage” means coverage of an individual under:

16 (i) an employer sponsored plan;

17 (ii) a health benefit plan;

18 (iii) Part A or Part B of Title XVIII of the Social Security Act;

19 (iv) Title XIX **OR TITLE XXI** of the Social Security Act, other
20 than coverage consisting solely of benefits under § 1928 of that Act;

21 (v) Chapter 55 of Title 10 of the United States Code;

22 (vi) a medical care program of the Indian Health Service or of a
23 tribal organization;

- 1 (vii) a State health benefits risk pool;
- 2 (viii) a health plan offered under the Federal Employees Health
3 Benefits Program (FEHBP), Title 5, Chapter 89 of the United States Code;
- 4 (ix) a public health plan as defined by federal regulations
5 authorized by the Public Health Service Act, § 2701(c)(1)(i), as amended by P.L.
6 104–191; or
- 7 (x) a health benefit plan under § 5(e) of the Peace Corps Act, 22
8 U.S.C. 2504(e).

9 **Article – Tax – General**

10 **10–106.2.**

11 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
12 MEANINGS INDICATED.

13 (2) “APPLICABLE POVERTY INCOME LEVEL” MEANS THE AMOUNT
14 SPECIFIED IN THE POVERTY INCOME STANDARD THAT CORRESPONDS TO THE
15 NUMBER OF EXEMPTIONS THAT THE INDIVIDUAL IS ALLOWED AND CLAIMS
16 UNDER § 10–211(1) OF THIS TITLE.

17 (3) “HEALTH CARE COVERAGE” MEANS CREDITABLE COVERAGE
18 AS DEFINED IN § 15–1301 OF THE INSURANCE ARTICLE.

19 (4) “POVERTY INCOME STANDARD” MEANS THE MOST RECENT
20 POVERTY INCOME GUIDELINES PUBLISHED BY THE UNITED STATES
21 DEPARTMENT OF HEALTH AND HUMAN SERVICES, AVAILABLE AS OF JULY 1 OF
22 THE TAXABLE YEAR.

23 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND
24 SUBSECTIONS (C) AND (D) OF THIS SECTION, IN ADDITION TO THE STATE
25 INCOME TAX UNDER § 10–105(A) OF THIS SUBTITLE, IF THE FEDERAL ADJUSTED
26 GROSS INCOME OF AN INDIVIDUAL EXCEEDS 500% OF THE APPLICABLE
27 POVERTY INCOME LEVEL, THE INDIVIDUAL IS SUBJECT TO A SURCHARGE OF
28 \$1,000, UNLESS THE INDIVIDUAL AND EACH DEPENDENT CHILD OF THE
29 INDIVIDUAL HAD HEALTH CARE COVERAGE:

1 (I) FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR; AND

2 (II) ON DECEMBER 31 OF THE TAXABLE YEAR.

3 (2) FOR A MARRIED COUPLE FILING A JOINT RETURN, THE
4 SURCHARGE UNDER THIS SECTION:

5 (I) IS IMPOSED IF THE JOINT FEDERAL ADJUSTED GROSS
6 INCOME OF THE MARRIED COUPLE EXCEEDS 500% OF THE APPLICABLE
7 POVERTY INCOME LEVEL; AND

8 (II) EQUALS:

9 1. \$2,000 UNLESS AT LEAST ONE SPOUSE AND EACH
10 DEPENDENT CHILD OF THE MARRIED COUPLE HAD HEALTH CARE COVERAGE;
11 OR

12 2. \$1,000 IF EACH DEPENDENT CHILD OF THE
13 MARRIED COUPLE AND EITHER THE HUSBAND OR WIFE, BUT NOT BOTH, HAD
14 HEALTH CARE COVERAGE.

15 (C) THIS SECTION DOES NOT APPLY TO A NONRESIDENT, INCLUDING A
16 NONRESIDENT SPOUSE OR A NONRESIDENT DEPENDENT.

17 (D) THE COMPTROLLER SHALL PROVIDE FOR EXCEPTIONS TO
18 SUBSECTION (B) OF THIS SECTION FOR INDIVIDUALS:

19 (1) JUST ENTERING THE WORKFORCE;

20 (2) RECENTLY MOVING INTO THE STATE; OR

21 (3) WHO ARE UNEMPLOYED FOR 4 OR MORE CONSECUTIVE
22 WEEKS.

23 (E) THE TAXPAYER SHALL INDICATE ON THE INCOME TAX RETURN, IN
24 THE FORM REQUIRED BY THE COMPTROLLER, THE PRESENCE OF HEALTH CARE
25 COVERAGE THAT MEETS THE REQUIREMENTS OF SUBSECTION (B) OF THIS
26 SECTION FOR THE INDIVIDUAL, EACH SPOUSE IN THE CASE OF A MARRIED
27 COUPLE, AND EACH DEPENDENT CHILD.

1 **(F) NOTWITHSTANDING § 2-609 OF THIS ARTICLE, AFTER DEDUCTING A**
2 **REASONABLE AMOUNT FOR ADMINISTRATIVE COSTS, THE COMPTROLLER**
3 **SHALL DISTRIBUTE THE REVENUES FROM THE SURCHARGE TO THE HEALTH**
4 **INSURANCE PREMIUM SUBSIDY FUND ESTABLISHED IN § 15-705 OF THE**
5 **HEALTH – GENERAL ARTICLE.**

6 10-910.

7 (b) (1) Except as provided in [paragraph (2)] **PARAGRAPHS (2) AND (3)**
8 of this subsection, an employer shall base withholding for an employee:

9 (i) on the number of exemptions stated in the exemption
10 certificate that the employee files; or

11 (ii) if the employee fails to file an exemption certificate or files
12 an invalid certificate under subsection (c) of this section, on 1 exemption.

13 (2) If the Comptroller notifies an employer that an employee has an
14 unpaid tax liability, that the employee failed to file a required Maryland income tax
15 return, or that an employee is subject to a tax refund interception request, the
16 employer shall base withholding for the employee:

17 (i) on a number of exemptions not exceeding the actual number
18 of exemptions allowed on the employee's prior year's income tax return, as specified by
19 the Comptroller; or

20 (ii) if the employee failed to file a required Maryland income tax
21 return, on 1 exemption.

22 **(3) (I) IN THIS PARAGRAPH, “APPLICABLE POVERTY INCOME**
23 **LEVEL”, “HEALTH CARE COVERAGE”, AND “POVERTY INCOME STANDARD” HAVE**
24 **THE MEANINGS STATED IN § 10-106.2 OF THIS TITLE.**

25 **(II) AN EMPLOYER SHALL BASE WITHHOLDING FOR AN**
26 **EMPLOYEE ON ZERO EXEMPTIONS IF THE COMPENSATION OF THE EMPLOYEE IS**
27 **EXPECTED TO EXCEED 500% OF THE APPLICABLE POVERTY INCOME LEVEL IN**
28 **ANY TAX YEAR AND THE EMPLOYEE DOES NOT HAVE HEALTH CARE COVERAGE**
29 **FROM THE EMPLOYER OR HAS NOT PRESENTED THE EMPLOYER WITH A**
30 **CERTIFICATION OF OTHER HEALTH CARE COVERAGE.**

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

3 **Article - Health - General**

4 **SUBTITLE 8. INTERNET PORTAL FOR COORDINATED ACCESS TO HEALTH AND**
5 **HUMAN SERVICES PROGRAMS AND BENEFITS.**

6 **15-801.**

7 (A) ON OR BEFORE JANUARY 1, 2009, THE SECRETARY SHALL DEVELOP
8 AND IMPLEMENT AN INTERNET PORTAL TO PROVIDE COORDINATED ACCESS TO
9 HEALTH AND HUMAN SERVICES PROGRAMS AND BENEFITS.

10 (B) THE INTERNET PORTAL SHALL INCLUDE:

11 (1) A SEARCHABLE CATALOG WITH DESCRIPTIONS OF HEALTH
12 AND HUMAN SERVICES PROGRAMS;

13 (2) A SCREENING TOOL TO DETERMINE POTENTIAL ELIGIBILITY
14 FOR MULTIPLE PROGRAMS AND SERVICES;

15 (3) AN ON-LINE COMMON INTAKE DATA COLLECTION TOOL FOR
16 REGISTERED PROVIDERS THAT CAN GENERATE APPLICATIONS FOR MULTIPLE
17 PROGRAMS AND SERVICES; AND

18 (4) TOOLS TO HELP SERVICE PROVIDERS LOCATE, TRACK, AND
19 MANAGE APPLICATIONS.

20 (C) ON OR BEFORE JANUARY 1, 2009, THE SECRETARY SHALL REPORT
21 TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE
22 GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY, REGARDING THE
23 DEVELOPMENT AND IMPLEMENTATION OF THE INTERNET PORTAL.

24 SECTION 3. AND BE IT FURTHER ENACTED, That the Comptroller shall
25 widely publicize the requirements of this Act to provide an adequate opportunity for
26 individuals to obtain health care coverage and avoid a surcharge.

1 SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
2 take effect January 1, 2008, and shall be applicable to all taxable years beginning after
3 December 31, 2007.

4 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in
5 Section 4 of this Act, this Act shall take effect July 1, 2007.