

HOUSE BILL 754

C3, J1, Q3

71r0459

By: **Delegates Hammen, Ali, Anderson, ~~Aumann~~, Barkley, Barnes, Barve, Beidle, Benson, Bobo, Branch, Braveboy, Bronrott, Cane, Cardin, Carter, G. Clagett, V. Clagett, Conway, Davis, Donoghue, Doory, Dumais, ~~Elliott~~, Elmore, Feldman, Frush, Gaines, Gilchrist, Glenn, Goldwater, Griffith, Gutierrez, Guzzone, Harrison, Haynes, Healey, Hecht, Heller, Hixson, Holmes, Howard, Hubbard, Hucker, Ivey, Jones, Kaiser, N. King, Kirk, Kramer, Krysiak, Kullen, Lafferty, Lawton, Levi, Love, Manno, McHale, McIntosh, Mizeur, Montgomery, Morhaim, Nathan-Pulliam, Niemann, Oaks, Pena-Melnyk, Pendergrass, Proctor, Ramirez, Rice, Robinson, Rosenberg, Ross, Simmons, Stein, Stukes, Tarrant, Taylor, F. Turner, Vallario, Vaughn, Waldstreicher, Walker, Weir, ~~and Weldon Lee, Valderrama, and V. Turner~~**

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Assigned to: Health and Government Operations and Ways and Means

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 14, 2007

CHAPTER _____

1 AN ACT concerning

2 **Children and Working Families Health Care Act of 2007**

3 FOR the purpose of requiring the Maryland Medical Assistance Program to provide,
4 subject to certain conditions, certain medical care and other health care services
5 to certain parents with certain income and to certain adults with certain
6 income; altering certain eligibility requirements for participation in the
7 Maryland Children's Health Program; requiring the Department of Health and
8 Mental Hygiene to establish a certain annual family contribution; requiring the
9 Department to adopt certain regulations; establishing a Health Care Coverage
10 Fund; establishing the sources and uses of the Health Care Coverage Fund;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 requiring the State Treasurer to invest the money in the Fund in a certain
2 manner; providing that any investment earnings of the Fund shall be retained
3 to the credit of the Fund; requiring expenditures from the Fund to be made only
4 in accordance with the State budget; providing that the Fund is subject to audit
5 by the Office of Legislative Audits; ~~establishing the Health Insurance Premium~~
6 ~~Subsidy Program in the Department; establishing the purposes, eligibility~~
7 ~~requirements, and funding for the Program; requiring the Department to design~~
8 ~~and develop a plan for the Program that meets certain requirements; requiring~~
9 ~~the Department, on or before a certain date, to report to certain legislative~~
10 ~~committees on the details of the plan; authorizing the State Health Services~~
11 Cost Review Commission to assess a certain amount in hospital rates; requiring
12 the Commission to determine certain savings in a certain manner; requiring
13 each hospital to remit a certain assessment to the Health Care Coverage Fund;
14 ~~requiring the State Health Services Cost Review Commission to adopt certain~~
15 ~~regulations and make a certain report on or before a certain date; requiring the~~
16 ~~Commission to establish certain standards and benchmarks in conjunction with~~
17 ~~certain entities; authorizing the Board of Directors for the Maryland Health~~
18 ~~Insurance Plan Fund to transfer certain moneys to the Health Care Coverage~~
19 ~~Fund; altering the purposes of the Maryland Health Care Provider Rate~~
20 ~~Stabilization Fund; altering the allocation of certain revenue of the Maryland~~
21 Health Care Provider Rate Stabilization Fund; requiring the Maryland
22 Insurance Commissioner to allocate certain revenue to the Health Care
23 Coverage Fund in a certain fiscal year; authorizing certain revenue remaining
24 in the Maryland Health Care Provider Rate Stabilization Fund at the end of
25 certain fiscal years to be transferred to the Health Care Coverage Fund;
26 requiring any unspent amounts in the Rate Stabilization Account after a certain
27 fiscal year to be transferred to the Health Care Coverage Fund; requiring each
28 ~~employer in the State with a certain number of employees to adopt and~~
29 ~~maintain a certain cafeteria plan; providing certain penalties for a violation of~~
30 ~~certain provisions of this Act; altering the distribution of tobacco tax revenues;~~
31 ~~providing for the distribution of certain tobacco tax revenues to the Health Care~~
32 ~~Coverage Fund for certain purposes; altering the tobacco tax rate imposed on~~
33 ~~cigarettes; altering the tobacco tax rate imposed on certain tobacco products~~
34 ~~other than cigarettes; requiring each group or individual health benefit plan~~
35 ~~issued or delivered in the State by certain carriers to permit a child to continue~~
36 ~~coverage under the plan under certain circumstances and for a certain period of~~
37 ~~time; authorizing an insured to elect to continue coverage under certain policies~~
38 or contracts for a child dependent under certain circumstances; specifying when
39 the continuation of coverage begins and ends; limiting the amount of any
40 premium charged for the continuation of coverage; making certain provisions of
41 law applicable to health maintenance organizations; authorizing certain
42 ~~carriers in the small group insurance market to offer a discounted rate for~~
43 ~~participation in certain wellness activities; altering the definition of "creditable~~

1 ~~coverage” for purposes of certain insurance requirements; imposing a surcharge~~
2 ~~on the income tax of certain individuals with income above a certain level;~~
3 ~~providing that the surcharge does not apply under certain circumstances;~~
4 ~~providing for certain exceptions; requiring the revenues from the surcharge to~~
5 ~~be distributed to the Health Care Coverage Fund; requiring an employer to base~~
6 ~~withholding for certain employees on a certain number of exemptions under~~
7 ~~certain circumstances; requiring the Secretary of Health and Mental Hygiene to~~
8 ~~develop a certain plan to improve the quality and cost-effectiveness of care for~~
9 ~~certain individuals and to make a certain report on the plan; requiring the~~
10 ~~Department of Budget and Management and the Department of Health and~~
11 ~~Mental Hygiene to jointly develop a certain wellness incentive pilot program;~~
12 ~~requiring the Departments to implement the plan on or before a certain date;~~
13 ~~requiring the Maryland Health Care Commission and the State Health Services~~
14 ~~Cost Review Commission to collaborate in seeking a proposal to establish a~~
15 ~~certain regional health information exchange; requiring the Department of~~
16 ~~Health and Mental Hygiene to seek approval of a certain waiver to use certain~~
17 ~~federal matching funds for a certain purpose; prohibiting the Department from~~
18 ~~implementing Medicaid eligibility for certain adults, if the Department is~~
19 ~~denied the waiver; requiring the Maryland Health Care Commission, in~~
20 ~~consultation with the Maryland Insurance Administration, to conduct a study of~~
21 ~~a health insurance exchange and to report the results of the study to certain~~
22 ~~legislative committees on or before a certain date; authorizing the State Health~~
23 ~~Services Cost Review Commission to assess a certain amount in hospital rates~~
24 ~~under certain circumstances to be remitted to the Health Care Coverage Fund;~~
25 ~~requiring the Comptroller to widely publicize the requirements of this Act for a~~
26 ~~certain purpose; defining certain terms; altering certain definitions; providing~~
27 ~~for the application of certain provisions of this Act; making certain provisions of~~
28 ~~this Act contingent on the taking effect of another Act; establishing certain~~
29 ~~methods for collecting certain tobacco taxes; authorizing certain funds to be~~
30 ~~appropriated and transferred by budget amendment from the Health Care~~
31 ~~Coverage Fund in a certain fiscal year; requiring the State Health Services Cost~~
32 ~~Review Commission and the Department of Health and Mental Hygiene to~~
33 ~~develop a mechanism to calculate the amount of certain hospital~~
34 ~~uncompensated care; requiring the Board of Directors for the Maryland Health~~
35 ~~Insurance Plan to transfer certain funds by budget amendment; providing for a~~
36 ~~delayed effective date for certain provisions of this Act; providing for the~~
37 ~~termination of certain provisions of this Act; providing for the effective date of~~
38 ~~certain provisions of this Act; making certain provisions of this Act null and~~
39 ~~void, under certain circumstances; requiring the Department of Health and~~
40 ~~Mental Hygiene to forward a copy of a certain notice to the Department of~~
41 ~~Legislative Services; providing for the termination of a certain hospital rate~~
42 ~~assessment under certain circumstances; requiring the State to ensure that a~~
43 ~~certain transfer of funds and a certain hospital rate assessment are consistent~~

1 with the State's Medicare waiver and federal regulations; and generally relating
 2 to the ~~Maryland Health Care Coverage Act~~ Children and Working Families
 3 Health Care Act of 2007.

4 BY repealing and reenacting, with amendments,
 5 Article – Health – General
 6 Section 15–103(a), 15–301(b) and (c), 15–301.1, and 19–219(b)
 7 Annotated Code of Maryland
 8 (2005 Replacement Volume and 2006 Supplement)

9 BY repealing and reenacting, without amendments,
 10 Article – Health – General
 11 Section 15–301(a) and 19–219(a)
 12 Annotated Code of Maryland
 13 (2005 Replacement Volume and 2006 Supplement)

14 BY adding to
 15 Article – Health – General
 16 Section 15–701 to be under the new subtitle “Subtitle 7. Health Care Coverage
 17 Fund”; ~~15–801 through 15–804 to be under the new subtitle “Subtitle 8.~~
 18 ~~Health Insurance Premium Subsidy Program”;~~ 19–214(d) and
 19 19–706(jjj)
 20 Annotated Code of Maryland
 21 (2005 Replacement Volume and 2006 Supplement)

22 BY repealing and reenacting, without amendments,
 23 Article – Insurance
 24 Section 14–504(a), ~~15–1201(a)~~, 19–802(a), and 19–803(a) ~~and (b)~~
 25 Annotated Code of Maryland
 26 (2006 Replacement Volume and 2006 Supplement)

27 BY repealing and reenacting, with amendments,
 28 Article – Insurance
 29 Section 14–504(e), ~~15–1205, 15–1301(f)(1)~~, 19–802(b), ~~19–803(e)~~ 19–803(b) and
 30 (c), and 19–804
 31 Annotated Code of Maryland
 32 (2006 Replacement Volume and 2006 Supplement)

33 BY adding to
 34 Article – Insurance
 35 Section 15–418 ~~and 15–1201(r)~~
 36 Annotated Code of Maryland
 37 (2006 Replacement Volume and 2006 Supplement)

1 ~~BY adding to~~
2 ~~Article – Labor and Employment~~
3 ~~Section 12-101 through 12-103 to be under the new title “Title 12. Cafeteria~~
4 ~~Plan”~~
5 ~~Annotated Code of Maryland~~
6 ~~(1999 Replacement Volume and 2006 Supplement)~~

7 BY repealing and reenacting, without amendments,
8 Article – Tax – General
9 Section 2-1601 and 2-1602
10 Annotated Code of Maryland
11 (2004 Replacement Volume and 2006 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article – Tax – General
14 Section 2-1603, ~~10-910(b)~~, and 12-105
15 Annotated Code of Maryland
16 (2004 Replacement Volume and 2006 Supplement)

17 BY adding to
18 Article – Tax – General
19 Section 2-1604 ~~and 10-106.2~~
20 Annotated Code of Maryland
21 (2004 Replacement Volume and 2006 Supplement)

22 BY repealing and reenacting, with amendments,
23 Chapter 280 of the Acts of the General Assembly of 2005
24 Section 7

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

27 **Article – Health – General**

28 15-103.

29 (a) (1) The Secretary shall administer the Maryland Medical Assistance
30 Program.

31 (2) The Program:

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

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

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

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

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

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

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

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

1 **(IX) ~~SHALL~~ BEGINNING ON JANUARY 1, 2008, SHALL**
 2 **PROVIDE, SUBJECT TO THE LIMITATIONS OF THE STATE BUDGET, AND AS**
 3 **PERMITTED BY FEDERAL LAW, COMPREHENSIVE MEDICAL CARE AND OTHER**
 4 **HEALTH CARE SERVICES FOR ALL PARENTS:**

5 **1. WHO HAVE A DEPENDENT CHILD LIVING IN THE**
 6 **PARENTS' HOME; AND**

7 **2. WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR**
 8 **BELOW 116% OF THE POVERTY LEVEL;**

9 **(X) ~~SHALL~~ BEGINNING ON OCTOBER 1, 2008, SHALL**
 10 **PROVIDE, SUBJECT TO THE LIMITATIONS OF THE STATE BUDGET, AND AS**
 11 **PERMITTED BY FEDERAL LAW, COMPREHENSIVE MEDICAL CARE AND OTHER**
 12 **HEALTH CARE SERVICES FOR ADULTS:**

13 **1. WHO DO NOT MEET REQUIREMENTS, SUCH AS**
 14 **AGE, DISABILITY, OR PARENT OF A DEPENDENT CHILD, FOR A FEDERAL**
 15 **CATEGORY OF ELIGIBILITY FOR MEDICAID; AND**

16 **2. WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR**
 17 **BELOW 116% OF THE POVERTY LEVEL;**

18 **[(ix)] (XI) May include bedside nursing care for eligible Program**
 19 **recipients; and**

20 **[(x)] (XII) Shall provide services in accordance with funding**
 21 **restrictions included in the annual State budget bill.**

22 **(3) Subject to restrictions in federal law or waivers, the Department**
 23 **may:**

24 **(I) [impose] IMPOSE cost-sharing on Program recipients; AND**

25 **(II) LIMIT THE BENEFIT PACKAGE OFFERED TO ADULTS**
 26 **WHO DO NOT MEET REQUIREMENTS FOR A FEDERAL CATEGORY OF ELIGIBILITY**
 27 **FOR MEDICAID.**

28 15-301.

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

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

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

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

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

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

18 15-301.1.

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

20 (2) "Eligible individual" means an individual who qualifies to
21 participate in the Maryland Children's Health Program under § 15-301(b) of this
22 subtitle **AND WHOSE FAMILY INCOME IS ABOVE 200% OF THE FEDERAL POVERTY**
23 **GUIDELINES.**

24 (3) "Family contribution" means the portion of the premium cost paid
25 for an eligible individual to enroll and participate in the Maryland Children's Health
26 Program.

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

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

4 [(c)] **(B)** (1) As a requirement of enrollment and participation in the
5 MCHP premium plan, the parent or guardian of an eligible individual shall agree to
6 pay [the following] **AN** annual family contribution[:

7 (i) In fiscal year 2004 only, for an eligible individual whose
8 family income is above 185 percent, but at or below 200 percent of the federal poverty
9 guidelines, an amount equal to 2 percent of the annual income of a family of two at
10 185 percent of the federal poverty guidelines;

11 (ii) For an eligible individual whose family income is above 200
12 percent, but at or below 250 percent of the federal poverty guidelines, an amount equal
13 to 2 percent of the annual income of a family of two at 200 percent of the federal
14 poverty guidelines; and

15 (iii) For an eligible individual whose family income is above 250
16 percent, but at or below 300 percent of the federal poverty guidelines, an amount equal
17 to 2 percent of the annual income of a family of two at 250 percent of the federal
18 poverty guidelines.

19 (2) The family contribution amounts required under paragraph (1) of
20 this subsection apply on a per family basis regardless of the number of eligible
21 individuals each family has enrolled in the MCHP premium plan].

22 **(2) THE DEPARTMENT SHALL ESTABLISH AN ANNUAL FAMILY**
23 **CONTRIBUTION THAT:**

24 **(I) IS REASONABLE, ACCORDING TO THE FAMILY INCOME;**
25 **AND**

26 **(II) ENCOURAGES ENROLLMENT OF ALL ELIGIBLE**
27 **INDIVIDUALS.**

28 **(3) THE ANNUAL FAMILY CONTRIBUTION FOR AN ELIGIBLE**
29 **INDIVIDUAL WHOSE FAMILY INCOME IS ABOVE 400% OF FEDERAL PROVERTY**
30 **GUIDELINES SHALL BE BASED ON FULL BENEFIT COSTS.**

1 [(d)] (C) (1) The Department shall adopt regulations necessary to
2 implement this section.

3 (2) **THE REGULATIONS MAY PROVIDE INCENTIVES FOR ELIGIBLE**
4 **INDIVIDUALS TO ENROLL IN ANY EMPLOYER-SPONSORED INSURANCE THAT MAY**
5 **BE AVAILABLE TO THEM.**

6 **SUBTITLE 7. HEALTH CARE COVERAGE FUND.**

7 **15-701.**

8 (A) **IN THIS SUBTITLE, "FUND" MEANS THE HEALTH CARE COVERAGE**
9 **FUND.**

10 (B) **THERE IS A HEALTH CARE COVERAGE FUND.**

11 (C) **THE PURPOSE OF THE FUND IS TO SUPPORT HEALTH CARE**
12 **COVERAGE FOR INDIVIDUALS AND FAMILIES WITH LOW AND MODERATE**
13 **INCOME.**

14 (D) **THE DEPARTMENT SHALL ADMINISTER THE FUND.**

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

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

19 (F) **THE FUND CONSISTS OF:**

20 (1) **TOBACCO TAX REVENUES DISTRIBUTED TO THE FUND UNDER**
21 **§ 2-1604 OF THE TAX - GENERAL ARTICLE;**

22 ~~(2) **SURCHARGE REVENUE DISTRIBUTED TO THE FUND UNDER §**~~
23 ~~**10-106.2 OF THE TAX - GENERAL ARTICLE;**~~

24 ~~(3)~~ (2) **ANY MONEYS \$75,000,000 TRANSFERRED FROM THE**
25 **MARYLAND HEALTH INSURANCE PLAN FUND UNDER § 14-504 OF THE**
26 **INSURANCE ARTICLE;**

1 ~~(4)~~ **(3)** ~~ANY MONEYS~~ **MONEYS** TRANSFERRED FROM THE
2 **MARYLAND HEALTH CARE PROVIDER RATE STABILIZATION FUND UNDER**
3 **TITLE 19, SUBTITLE 8 OF THE INSURANCE ARTICLE;**

4 ~~(5)~~ **(4)** ~~ANY MONEYS~~ **MONEYS** COLLECTED FROM ANY
5 **ASSESSMENT BY THE STATE HEALTH SERVICES COST REVIEW COMMISSION ON**
6 **HOSPITALS UNDER § 19-214(D) OF THIS ARTICLE;**

7 ~~(6)~~ **(5)** **ANY MONEYS MADE AVAILABLE FROM INVESTMENT**
8 **EARNINGS; AND**

9 ~~(7)~~ **(6)** **ANY OTHER MONEY FROM ANY OTHER SOURCE**
10 **ACCEPTED FOR THE BENEFIT OF THE FUND.**

11 **(G) (1) THE FUND SHALL BE INVESTED AND REINVESTED IN THE**
12 **SAME MANNER AS OTHER STATE FUNDS.**

13 **(2) ANY INVESTMENT EARNINGS SHALL BE CREDITED TO THE**
14 **FUND.**

15 **(H) THE FUND MAY BE USED ONLY FOR EXPENSES ASSOCIATED WITH:**

16 **(1) EXPANDING MEDICAID ELIGIBILITY FOR PARENTS:**

17 **(I) WHO HAVE A DEPENDENT CHILD LIVING WITH THEM;**
18 **AND**

19 **(II) WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR BELOW**
20 **116% OF THE FEDERAL POVERTY GUIDELINES;**

21 **(2) EXPANDING MEDICAID ELIGIBILITY FOR INDIVIDUALS:**

22 **(I) WHO DO NOT MEET REQUIREMENTS, SUCH AS AGE,**
23 **DISABILITY, OR PARENT OF A DEPENDENT CHILD, FOR A FEDERAL CATEGORY**
24 **OF ELIGIBILITY FOR MEDICAID; AND**

25 **(II) WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR BELOW**
26 **116% OF THE FEDERAL POVERTY GUIDELINES;**

1 (3) **EXPANDING MARYLAND CHILDREN'S HEALTH PROGRAM**
 2 **ELIGIBILITY, AS PROVIDED IN §§ 15-301 AND 15-301.1 OF THIS TITLE, FOR**
 3 **INDIVIDUALS WITH FAMILY INCOME ABOVE 300%, BUT AT OR BELOW 400%, OF**
 4 **THE FEDERAL POVERTY GUIDELINES; AND**

5 ~~(4) **PROVIDING HEALTH INSURANCE PREMIUM SUBSIDIES AND**~~
 6 ~~**INCENTIVE PAYMENTS UNDER SUBTITLE 8 OF THIS TITLE;**~~

7 ~~(5) **EXPANDING SUBSTANCE ABUSE TREATMENT SERVICES; AND**~~

8 ~~(6) **EXPANDING SMOKING CESSATION INITIATIVES.**~~

9 (4) **IN ACCORDANCE WITH SUBSECTION (J) OF THIS SECTION,**
 10 **PROVIDING AN OPERATING GRANT APPROPRIATION TO THE PRINCE GEORGE'S**
 11 **COUNTY HOSPITAL AUTHORITY.**

12 (I) **EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN**
 13 **ACCORDANCE WITH THE STATE BUDGET.**

14 ~~(J) (1) **REVENUE RECEIVED FROM THE TOBACCO TAX UNDER §**~~
 15 ~~**2-1604 OF THE TAX GENERAL ARTICLE SHALL BE ALLOCATED AS FOLLOWS:**~~

16 ~~(I) **THE FIRST \$210,000,000 IN REVENUE MAY ONLY BE**~~
 17 ~~**USED FOR THE PURPOSES OF SUBSECTION (H)(1), (2), AND (3) OF THIS SECTION;**~~
 18 ~~**AND**~~

19 ~~(H) **AFTER MAKING THE ONETIME ALLOCATION IN ITEM (I)**~~
 20 ~~**OF THIS PARAGRAPH, THE PRIORITY ORDER FOR ALLOCATING REVENUE**~~
 21 ~~**RECEIVED IN ANY FISCAL YEAR SHALL BE AS FOLLOWS:**~~

22 ~~1. **THE FIRST \$140,000,000 FOR THE PURPOSE OF**~~
 23 ~~**SUBSECTION (H)(4) OF THIS SECTION;**~~

24 ~~2. **\$30,000,000 OF ANY REMAINING REVENUE FOR**~~
 25 ~~**THE PURPOSE OF SUBSECTION (H)(5) OF THIS SECTION; AND**~~

26 ~~3. **\$10,000,000 OF ANY REMAINING REVENUE FOR**~~
 27 ~~**THE PURPOSE OF SUBSECTION (H)(6) OF THIS SECTION.**~~

1 ~~(2) ANY REVENUE RECEIVED FROM THE TOBACCO TAX UNDER §~~
2 ~~2-1604 OF THE TAX — GENERAL ARTICLE THAT EXCEEDS THE AMOUNTS~~
3 ~~ALLOCATED IN PARAGRAPH (1)(II) OF THIS SUBSECTION MAY BE USED FOR ANY~~
4 ~~PURPOSE LISTED IN SUBSECTION (H) OF THIS SECTION.~~

5 (J) IN FISCAL YEARS 2008 THROUGH 2012, UP TO \$10,000,000
6 ANNUALLY MAY BE TRANSFERRED FROM THE FUND TO THE DEPARTMENT FOR
7 THE PURPOSE OF PROVIDING A SPECIAL FUND OPERATING GRANT
8 APPROPRIATION TO PRINCE GEORGE'S COUNTY HOSPITAL AUTHORITY.

9 (K) MONEY FROM THE FUND SHALL SUPPLEMENT AND MAY NOT
10 SUPPLANT FUNDING FOR THE MARYLAND MEDICAL ASSISTANCE PROGRAM
11 AND THE MARYLAND CHILDREN'S HEALTH PROGRAM.

12 (L) THE FUND IS SUBJECT TO AUDIT BY THE OFFICE OF LEGISLATIVE
13 AUDITS.

14 ~~SUBTITLE 8. HEALTH INSURANCE PREMIUM SUBSIDY PROGRAM.~~

15 ~~15-801.~~

16 ~~IN THIS SUBTITLE, "PROGRAM" MEANS THE HEALTH INSURANCE~~
17 ~~PREMIUM SUBSIDY PROGRAM.~~

18 ~~15-802.~~

19 ~~(A) THERE IS A HEALTH INSURANCE PREMIUM SUBSIDY PROGRAM IN~~
20 ~~THE DEPARTMENT.~~

21 ~~(B) THE PURPOSES OF THE PROGRAM ARE TO:~~

22 ~~(1) PROVIDE AN INCENTIVE FOR SMALL EMPLOYERS TO OFFER~~
23 ~~HEALTH INSURANCE TO THEIR EMPLOYEES;~~

24 ~~(2) ASSIST INDIVIDUALS AND FAMILIES WITH MODERATE INCOME~~
25 ~~TO AFFORD HEALTH INSURANCE;~~

26 ~~(3) PROMOTE ACCESS TO HEALTH CARE SERVICES,~~
27 ~~PARTICULARLY PREVENTIVE HEALTH CARE SERVICES THAT MIGHT REDUCE~~

1 ~~THE NEED FOR EMERGENCY ROOM CARE AND OTHER ACUTE CARE SERVICES;~~
2 ~~AND~~

3 ~~(4) REDUCE UNCOMPENSATED CARE IN HOSPITALS AND OTHER~~
4 ~~HEALTH CARE SETTINGS.~~

5 ~~(C) FUNDING FOR THE PROGRAM SHALL BE PROVIDED FROM THE~~
6 ~~HEALTH CARE COVERAGE FUND ESTABLISHED UNDER SUBTITLE 7 OF THIS~~
7 ~~TITLE.~~

8 ~~15-803.~~

9 ~~TO BE ELIGIBLE FOR A SUBSIDY UNDER THE PROGRAM, AN INDIVIDUAL~~
10 ~~OR FAMILY:~~

11 ~~(1) SHALL HAVE HOUSEHOLD INCOME AT OR BELOW 300% OF~~
12 ~~THE FEDERAL POVERTY GUIDELINES;~~

13 ~~(2) MAY NOT HAVE BEEN COVERED BY HEALTH INSURANCE FOR~~
14 ~~AT LEAST 6 CONSECUTIVE MONTHS AT THE TIME OF APPLICATION FOR THE~~
15 ~~PROGRAM;~~

16 ~~(3) SHALL RESIDE IN THE STATE;~~

17 ~~(4) SHALL AGREE TO PAY INSURANCE PREMIUMS AND ADHERE TO~~
18 ~~OTHER REQUIRED PROVISIONS OF A HEALTH INSURANCE POLICY; AND~~

19 ~~(5) SHALL SATISFY ANY OTHER ELIGIBILITY REQUIREMENTS~~
20 ~~ESTABLISHED BY THE DEPARTMENT.~~

21 ~~15-804.~~

22 ~~(A) THE DEPARTMENT SHALL DESIGN AND DEVELOP A PLAN FOR A~~
23 ~~HEALTH INSURANCE PREMIUM SUBSIDY PROGRAM THAT MEETS THE~~
24 ~~REQUIREMENTS OF THIS SUBTITLE.~~

25 ~~(B) THE PLAN:~~

26 ~~(1) SHALL INCLUDE SUBSIDIES FOR PREMIUM CONTRIBUTIONS;~~

1 ~~(I) MADE BY INDIVIDUALS AND FAMILIES WHO MEET THE~~
 2 ~~ELIGIBILITY REQUIREMENTS UNDER § 15-803 OF THIS SUBTITLE; AND~~

3 ~~(II) ON A SLIDING SCALE BASED ON INCOME, WITH~~
 4 ~~SUBSIDIES DECREASING AS INCOME RISES;~~

5 ~~(2) MAY INCLUDE INCENTIVE PAYMENTS FOR SMALL EMPLOYERS~~
 6 ~~THAT CONTRIBUTE TO PAYMENT OF PREMIUMS ON BEHALF OF EMPLOYEES WHO~~
 7 ~~MEET THE ELIGIBILITY REQUIREMENTS UNDER § 15-803 OF THIS SUBTITLE;~~

8 ~~(3) MAY PROVIDE SUBSIDIES AND INCENTIVE PAYMENTS UNDER:~~

9 ~~(I) A STATE-SPONSORED HEALTH INSURANCE PROGRAM;~~

10 ~~OR~~

11 ~~(II) HEALTH BENEFIT PLANS OFFERED BY INSURERS,~~
 12 ~~NONPROFIT HEALTH SERVICE PLANS, AND HEALTH MAINTENANCE~~
 13 ~~ORGANIZATIONS;~~

14 ~~(4) SHALL BE IMPLEMENTED BEGINNING ON JULY 1, 2008; AND~~

15 ~~(5) SHALL BE SUPPORTED BY TOBACCO TAX REVENUES UNDER~~
 16 ~~THE HEALTH CARE COVERAGE FUND IN SUBTITLE 7 OF THIS TITLE.~~

17 ~~(C) ON OR BEFORE JANUARY 1, 2008, THE DEPARTMENT SHALL~~
 18 ~~REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE~~
 19 ~~STATE GOVERNMENT ARTICLE, ON THE DETAILS OF THE PLAN.~~

20 19-214.

21 (D) (1) ~~IF~~ ON OR AFTER JULY 1, 2009, IF THE EXPANSION OF HEALTH
 22 CARE COVERAGE UNDER CHAPTER __ (S.B. __/ H.B. __) (H.B. 754) (7LR0459)
 23 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2007 REDUCES HOSPITAL
 24 UNCOMPENSATED CARE, THE COMMISSION ~~MAY~~:

1 **(I) MAY ASSESS AN AMOUNT IN HOSPITAL RATES UP TO**
2 **THE AMOUNT EQUAL TO A PORTION OF THE RESULTING SAVINGS REALIZED IN**
3 **HOSPITAL UNCOMPENSATED CARE; AND**

4 **(II) SHALL ADJUST RATES TO RETURN SAVINGS TO PAYORS.**

5 **(2) THE COMMISSION SHALL DETERMINE THE SAVINGS IN**
6 **AVERTED UNCOMPENSATED CARE FOR EACH HOSPITAL INDIVIDUALLY.**

7 ~~(2)~~ **(3) EACH HOSPITAL SHALL REMIT ANY ASSESSMENT UNDER**
8 **THIS SUBSECTION TO THE HEALTH CARE COVERAGE FUND ESTABLISHED**
9 **UNDER § 15-701 OF THIS ARTICLE.**

10 19-219.

11 (a) The Commission may review costs and rates and make any investigation
12 that the Commission considers necessary to assure each purchaser of health care
13 facility services that:

14 (1) The total costs of all hospital services offered by or through a
15 facility are reasonable;

16 (2) The aggregate rates of the facility are related reasonably to the
17 aggregate costs of the facility; and

18 (3) The rates are set equitably among all purchasers or classes of
19 purchasers without undue discrimination or preference.

20 (b) (1) To carry out its powers under subsection (a) of this section, the
21 Commission may review and approve or disapprove the reasonableness of any rate
22 that a facility sets or requests.

23 (2) A facility shall charge for services only at a rate set in accordance
24 with this subtitle.

25 (3) In determining the reasonableness of rates, the Commission may
26 take into account objective standards of efficiency and effectiveness.

27 **(4) (I) ON OR BEFORE JULY 1, 2008, THE COMMISSION SHALL:**

1 **1. ADOPT REGULATIONS THAT PROVIDE INCENTIVES**
2 **WITHIN HOSPITAL PAYMENT STANDARDS FOR ADHERENCE TO QUALITY**
3 **STANDARDS AND ACHIEVEMENT OF PERFORMANCE BENCHMARKS; AND**

4 **2. REPORT TO THE SENATE FINANCE COMMITTEE**
5 **AND THE HOUSE HEALTH AND GOVERNMENT OPERATIONS COMMITTEE, IN**
6 **ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, A PLAN TO**
7 **ANALYZE DATA COLLECTED UNDER THE COMMISSION'S QUALITY-BASED**
8 **REIMBURSEMENT PROJECT THAT INDICATE WHETHER THERE ARE RACIAL AND**
9 **ETHNIC DISPARITIES IN ADHERENCE TO QUALITY STANDARDS AND**
10 **PERFORMANCE BENCHMARKS.**

11 **(II) THE COMMISSION SHALL ESTABLISH QUALITY**
12 **STANDARDS AND PERFORMANCE BENCHMARKS IN CONJUNCTION WITH THE**
13 **MARYLAND HEALTH CARE COMMISSION AND THE OFFICE OF HEALTH CARE**
14 **QUALITY.**

15 **Article – Insurance**

16 14-504.

17 (a) (1) There is a Maryland Health Insurance Plan Fund.

18 (2) The Fund is a special nonlapsing fund that is not subject to §
19 7-302 of the State Finance and Procurement Article.

20 (3) The Treasurer shall separately hold and the Comptroller shall
21 account for the Fund.

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

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

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

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

3 (e) (1) (I) In addition to the operation and administration of the Plan,
4 the Fund;

5 ~~(I)~~ shall be used for the operation and administration of the
6 Senior Prescription Drug Assistance Program established under Part II of this
7 subtitle; ~~AND SUBTITLE.~~

8 (II) **THE BOARD MAY TRANSFER MONEYS RECEIVED FROM**
9 **THE ASSESSMENT ON HOSPITALS UNDER § 19-219 OF THE HEALTH - GENERAL**
10 **ARTICLE TO THE HEALTH CARE COVERAGE FUND UNDER TITLE 15, SUBTITLE**
11 **7 OF THE HEALTH - GENERAL ARTICLE TO BE USED FOR ANY PURPOSE**
12 **ELIGIBLE FOR SUPPORT BY THE FUND.**

13 (2) The Board shall maintain separate accounts within the Fund for
14 the Senior Prescription Drug Assistance Program and the Maryland Health Insurance
15 Plan.

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

18 19-802.

19 (a) There is a Maryland Health Care Provider Rate Stabilization Fund.

20 (b) The purposes of the Fund are to:

21 (1) retain health care providers in the State by:

22 (I) allowing medical professional liability insurers to collect
23 rates that are less than the rates approved under § 11-201 of this article; **AND**

24 (II) **EXPANDING HEALTH CARE COVERAGE OF LOW- AND**
25 **MODERATE-INCOME INDIVIDUALS TO ENABLE THEM TO PAY FOR HEALTH CARE;**

26 (2) increase fee-for-service rates paid by the Maryland Medical
27 Assistance Program to health care providers identified under § 19-807 of this subtitle;

1 (3) pay managed care organization health care providers identified
2 under § 19–807 of this subtitle consistent with fee–for–service health care provider
3 rates;

4 (4) increase capitation payments to managed care organizations
5 participating in the Maryland Medical Assistance Program consistent with §
6 15–103(b)(18) of the Health – General Article; and

7 (5) during the period that an allocation is made to the Rate
8 Stabilization Account, subsidize up to \$350,000 annually to provide for the costs
9 incurred by the Commissioner to administer the Fund.

10 19–803.

11 (a) The Commissioner shall administer the Fund.

12 (b) Notwithstanding § 2–114 of this article:

13 (1) the Commissioner shall deposit the revenue from the tax imposed
14 on health maintenance organizations and managed care organizations under § 6–102
15 of this article in the Fund;

16 (2) during the period an allocation is made to the Rate Stabilization
17 Account, the Commissioner may distribute up to \$350,000 annually from the revenue
18 estimated to be received by the Fund in a fiscal year to provide for the costs incurred
19 by the Commissioner to administer the Fund;

20 (3) after distributing the amount required under paragraph (2) of this
21 subsection, the Commissioner shall allocate the revenue and unallocated balance of
22 the Fund according to the following schedule:

23 (i) in fiscal year 2005, \$3,500,000 to the Medical Assistance
24 Program Account;

25 (ii) in fiscal year 2006:

26 1. \$52,000,000 to the Rate Stabilization Account to pay
27 for health care provider rate reductions, credits, or refunds in calendar year 2005; and

28 2. \$30,000,000 to the Medical Assistance Program
29 Account;

30 (iii) in fiscal year 2007:

1 1. \$45,000,000 to the Rate Stabilization Account to pay
2 for health care provider rate reductions, credits, or refunds in calendar year 2006; and

3 2. \$45,000,000 to the Medical Assistance Program
4 Account;

5 (iv) in fiscal year 2008:

6 1. \$35,000,000 to the Rate Stabilization Account to pay
7 for health care provider rate reductions, credits, or refunds in calendar year 2007; and

8 2. \$65,000,000 to the Medical Assistance Program
9 Account;

10 (v) in fiscal year 2009:

11 1. ~~\$25,000,000~~ **\$15,000,000** to the Rate Stabilization
12 Account to pay for health care provider rate reductions, credits, or refunds in calendar
13 year 2008; ~~and~~

14 **2. \$10,000,000 TO THE HEALTH CARE COVERAGE**
15 **FUND UNDER TITLE 15, SUBTITLE 7 OF THE HEALTH – GENERAL ARTICLE TO**
16 **PAY FOR ANY PURPOSE ELIGIBLE FOR SUPPORT BY THE HEALTH CARE**
17 **COVERAGE FUND; AND**

18 ~~2.~~ **3.** the remaining revenue to the Medical Assistance
19 Program Account; and

20 (vi) in fiscal year 2010 and annually thereafter, 100% to the
21 Medical Assistance Program Account.

22 (c) (1) Any revenue remaining in the Fund after fiscal year 2005 shall
23 remain in the Fund until otherwise directed by law.

24 (2) If in any fiscal year the allocations made under this section exceed
25 the revenues estimated for that year, amounts available in the unallocated balance of
26 the Fund may be substituted to the extent of a Fund deficit.

27 **(3) ANY BALANCE REMAINING IN THE FUND AT THE END OF**
28 **FISCAL YEAR 2007 OR FISCAL YEAR 2008 AFTER THE ALLOCATIONS REQUIRED**
29 **UNDER SUBSECTION (B) OF THIS SECTION ARE MADE FOR THAT FISCAL YEAR**

1 **MAY BE TRANSFERRED TO THE HEALTH CARE COVERAGE FUND UNDER TITLE**
2 **15, SUBTITLE 7 OF THE HEALTH – GENERAL ARTICLE.**

3 19–804.

4 (a) The order of preference for distribution from the Fund shall be as follows:

5 (1) disbursements from the Rate Stabilization Account to subsidize
6 health care provider rates under § 19–805 of this subtitle;

7 (2) disbursements from the Medical Assistance Program Account
8 sufficient to:

9 (i) pay for increased rates to health care providers identified
10 under § 19–807(b)(2) of this subtitle; and

11 (ii) pay managed care organization health care providers
12 identified under § 19–807(b)(2) of this subtitle consistent with the fee–for–service
13 health care provider rate increases;

14 (3) disbursements to maintain the increase in health care provider
15 reimbursements under § 19–807(b)(2) of this subtitle;

16 (4) disbursements to increase capitation payments to managed care
17 organizations participating in the Maryland Medical Assistance Program consistent
18 with § 15–103(b)(18) of the Health – General Article; [and]

19 (5) disbursements from the Medical Assistance Program Account to:

20 (i) increase fee–for–service health care provider rates under §
21 19–807 of this subtitle; and

22 (ii) pay managed care organization health care providers
23 consistent with fee–for–service health care provider rates under § 19–807(b)(3) of this
24 subtitle; **AND**

25 **(6) DISBURSEMENTS TO THE HEALTH CARE COVERAGE FUND**
26 **UNDER TITLE 15, SUBTITLE 7 OF THE HEALTH – GENERAL ARTICLE TO BE**
27 **USED FOR ANY PURPOSE ELIGIBLE FOR SUPPORT BY THE HEALTH CARE**
28 **COVERAGE FUND.**

1 (b) Disbursements from the Rate Stabilization Account to a medical
 2 professional liability insurer may not exceed the amount necessary to provide a rate
 3 reduction, credit, or refund to health care providers.

4 (c) (1) Portions of the Rate Stabilization Account that exceed the amount
 5 necessary to pay for health care provider subsidies shall remain in the Rate
 6 Stabilization Account to be used:

7 (i) to pay for health care provider subsidies in calendar years
 8 2006 through 2008; and

9 (ii) after the fiscal year 2009 allocation to the Rate Stabilization
 10 Account under § 19-803(b) of this subtitle, by the Medical Assistance Program
 11 Account for the purposes specified under § 19-807(b) of this subtitle.

12 (2) Any disbursements from the Rate Stabilization Account to a
 13 medical professional liability insurer that is not used to provide a rate reduction,
 14 credit, or refund to a health care provider shall be returned to the State Treasurer for
 15 reversion to the Fund.

16 **(3) NOTWITHSTANDING PARAGRAPH (1) OF THIS SUBSECTION,**
 17 **ANY UNSPENT AMOUNTS REMAINING IN THE RATE STABILIZATION ACCOUNT AT**
 18 **THE END OF FISCAL YEAR 2007 SHALL BE TRANSFERRED TO THE HEALTH CARE**
 19 **COVERAGE FUND UNDER TITLE 15, SUBTITLE 7 OF THE HEALTH - GENERAL**
 20 **ARTICLE.**

21 (d) A medical professional liability insurer shall reduce the subsidy paid to
 22 each health care provider electing to receive a subsidy if the balance of the Rate
 23 Stabilization Account is insufficient to pay health care provider subsidies.

24 ~~Article - Labor and Employment~~

25 ~~TITLE 12. CAFETERIA PLAN.~~

26 ~~12-101.~~

27 ~~(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS~~
 28 ~~INDICATED.~~

29 ~~(B) "COMMISSIONER" MEANS THE COMMISSIONER OF LABOR AND~~
 30 ~~INDUSTRY.~~

1 ~~(C) "EMPLOYEE" MEANS ANY INDIVIDUAL EMPLOYED FULL-TIME OR~~
2 ~~PART-TIME DIRECTLY BY AN EMPLOYER.~~

3 ~~(D) "EMPLOYER" HAS THE MEANING STATED IN § 10-905 OF THE~~
4 ~~TAX-GENERAL ARTICLE.~~

5 ~~12-102.~~

6 ~~(A) EACH EMPLOYER WITH MORE THAN 10 EMPLOYEES IN THE STATE~~
7 ~~SHALL:~~

8 ~~(1) ADOPT AND MAINTAIN A CAFETERIA PLAN THAT SATISFIES §~~
9 ~~125 OF THE INTERNAL REVENUE CODE; AND~~

10 ~~(2) FILE A COPY OF THE CAFETERIA PLAN WITH THE~~
11 ~~COMMISSIONER.~~

12 ~~(B) UPON REQUEST, THE COMMISSIONER SHALL PROVIDE TECHNICAL~~
13 ~~ASSISTANCE TO EMPLOYERS TO CARRY OUT THE REQUIREMENTS OF~~
14 ~~SUBSECTION (A) OF THIS SECTION.~~

15 ~~12-103.~~

16 ~~IF AN EMPLOYER VIOLATES THIS TITLE, AN EMPLOYEE MAY:~~

17 ~~(1) SUBMIT A WRITTEN COMPLAINT TO THE COMMISSIONER; OR~~

18 ~~(2) BRING AN ACTION FOR INJUNCTIVE RELIEF, DAMAGES, OR~~
19 ~~OTHER RELIEF.~~

20 Article - Tax - General

21 2-1601.

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

24 2-1602.

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

4 2-1603.

5 After making the distributions required under §§ 2-1601 and 2-1602 of this
 6 subtitle, **FROM THE REMAINING TOBACCO TAX REVENUE** the Comptroller shall
 7 distribute [the remaining tobacco tax revenue] ~~\$275,000,000~~ **\$289,000,000** to the
 8 General Fund of the State.

9 **2-1604.**

10 **AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-1601**
 11 **THROUGH 2-1603 OF THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE**
 12 **THE REMAINING TOBACCO TAX REVENUE TO THE HEALTH CARE COVERAGE**
 13 **FUND UNDER TITLE 15, SUBTITLE 7 OF THE HEALTH – GENERAL ARTICLE.**

14 12-105.

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

16 (1) [50 cents] **\$1.00** for each package of 10 or fewer cigarettes;

17 (2) [\$1.00] **\$2.00** for each package of at least 11 and not more than 20
 18 cigarettes;

19 (3) [5.0] **10.0** cents for each cigarette in a package of more than 20
 20 cigarettes; and

21 (4) [5.0] **10.0** cents for each cigarette in a package of free sample
 22 cigarettes.

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

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

27 **Article – Health – General**

1 19-706.

2 (JJJ) THE PROVISIONS OF § 15-418 OF THE INSURANCE ARTICLE APPLY
3 TO HEALTH MAINTENANCE ORGANIZATIONS.

4 Article - Insurance

5 15-418.

6 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
7 MEANINGS INDICATED.

8 (2) "CARRIER" MEANS:

9 (I) AN INSURER;

10 (II) A NONPROFIT HEALTH SERVICE PLAN; OR

11 (III) A HEALTH MAINTENANCE ORGANIZATION.

12 (3) "CHILD DEPENDENT" MEANS AN INDIVIDUAL WHO:

13 (I) IS:

14 1. THE NATURAL CHILD, STEP-CHILD, ADOPTED
15 CHILD, OR GRANDCHILD OF THE INSURED; OR

16 2. A CHILD PLACED WITH THE INSURED FOR LEGAL
17 ADOPTION;

18 (II) IS A DEPENDENT OF THE INSURED AS THAT TERM IS
19 USED IN 26 U.S.C. §§ 104, 105, AND 106, AND ANY REGULATIONS ADOPTED
20 UNDER THOSE SECTIONS;

1 (III) HAS REACHED THE DATE ON WHICH COVERAGE WOULD
 2 HAVE TERMINATED BECAUSE OF THE LIMITING AGE SPECIFIED IN A POLICY OR
 3 CONTRACT TO WHICH THIS SECTION APPLIES;

4 (IV) HAS HAD CONTINUOUS COVERAGE FOR AT LEAST 2
 5 YEARS IMMEDIATELY PRIOR TO REACHING THE LIMITING AGE; AND

6 (V) IS NOT ENTITLED TO COVERAGE UNDER ANY OTHER
 7 PROVISION OF THIS ARTICLE.

8 ~~(3)~~ (4) “CONTINUOUS COVERAGE” MEANS COVERAGE FOR A
 9 CHILD UNDER ONE OR MORE OF A PARENT’S HEALTH BENEFIT PLANS WITHOUT
 10 A BREAK IN COVERAGE THAT EXCEEDED 63 DAYS.

11 ~~(4)~~ (I) ~~“HEALTH BENEFIT PLAN” MEANS:~~

12 ~~1. A HOSPITAL OR MEDICAL POLICY, CONTRACT, OR~~
 13 ~~CERTIFICATE, INCLUDING THOSE ISSUED UNDER MULTIPLE EMPLOYER TRUSTS~~
 14 ~~OR ASSOCIATIONS;~~

15 ~~2. A HOSPITAL OR MEDICAL POLICY, CONTRACT, OR~~
 16 ~~CERTIFICATE ISSUED BY A NONPROFIT HEALTH SERVICE PLAN; OR~~

17 ~~3. A HEALTH MAINTENANCE ORGANIZATION~~
 18 ~~CONTRACT.~~

19 ~~(II) “HEALTH BENEFIT PLAN” DOES NOT INCLUDE:~~

20 (B) (1) THIS SECTION APPLIES TO:

21 (I) EACH POLICY OF INDIVIDUAL OR GROUP HEALTH
 22 INSURANCE THAT IS ISSUED IN THE STATE;

23 (II) EACH CONTRACT THAT IS ISSUED IN THE STATE BY A
 24 NONPROFIT HEALTH SERVICE PLAN; AND

1 (III) EACH CONTRACT THAT IS ISSUED IN THE STATE BY A
2 HEALTH MAINTENANCE ORGANIZATION.

3 (2) NOTWITHSTANDING PARAGRAPH (1) OF THIS SUBSECTION,
4 THIS SECTION DOES NOT APPLY TO:

5 ~~1.~~ (I) A CONTRACT COVERING ONE OR MORE, OR ANY
6 COMBINATION, OF THE FOLLOWING:

7 ~~A.~~ 1. COVERAGE ONLY FOR LOSS CAUSED BY AN
8 ACCIDENT;

9 ~~B.~~ 2. DISABILITY COVERAGE;

10 ~~C.~~ 3. CREDIT-ONLY INSURANCE; OR

11 ~~D.~~ 4. LONG-TERM CARE COVERAGE; OR

12 ~~2.~~ (II) THE FOLLOWING BENEFITS IF THEY ARE
13 PROVIDED UNDER A SEPARATE CONTRACT:

14 ~~A.~~ 1. DENTAL COVERAGE;

15 ~~B.~~ 2. VISION COVERAGE;

16 ~~C.~~ 3. MEDICARE SUPPLEMENT INSURANCE;

17 ~~D.~~ 4. COVERAGE LIMITED TO BENEFITS FOR A
18 SPECIFIED DISEASE OR DISEASES; AND

19 ~~E.~~ 5. TRAVEL ACCIDENT OR SICKNESS COVERAGE.

20 ~~(B) EACH GROUP OR INDIVIDUAL HEALTH BENEFIT PLAN ISSUED OR~~
21 ~~DELIVERED IN THE STATE BY A CARRIER SHALL PERMIT A CHILD TO CONTINUE~~
22 ~~TO BE COVERED UNDER THE HEALTH BENEFIT PLAN AFTER THE CHILD MEETS~~
23 ~~THE LIMITING AGE SPECIFIED IN THE HEALTH BENEFIT PLAN IF THE CHILD HAS~~
24 ~~HAD CONTINUOUS COVERAGE FOR AT LEAST 2 YEARS IMMEDIATELY PRIOR TO~~
25 ~~REACHING THE LIMITING AGE.~~

1 ~~(C) THE PREMIUM FOR THE CONTINUATION OF COVERAGE PROVIDED~~
2 ~~IN SUBSECTION (B) OF THIS SECTION SHALL BE THE SAME AS THE PREMIUM FOR~~
3 ~~A CHILD WHO HAS NOT MET THE LIMITING AGE SPECIFIED IN THE HEALTH~~
4 ~~BENEFIT PLAN.~~

5 ~~(D) THE CONTINUATION OF COVERAGE PROVIDED IN SUBSECTION (B)~~
6 ~~OF THIS SECTION SHALL END ON THE EARLIER OF:~~

7 (C) NOTWITHSTANDING ANY LIMITING AGE STATED IN A POLICY OR
8 CONTRACT SUBJECT TO THIS SECTION, AN INSURED MAY ELECT TO CONTINUE
9 COVERAGE UNDER THE POLICY OR CONTRACT FOR A CHILD DEPENDENT.

10 (D) CONTINUATION OF COVERAGE UNDER THIS SECTION SHALL BEGIN
11 ON THE DATE ON WHICH COVERAGE FOR THE CHILD DEPENDENT WOULD HAVE
12 TERMINATED BECAUSE OF THE LIMITING AGE AND END ON THE EARLIEST OF:

13 (1) THE END OF THE MONTH IN WHICH THE CHILD DEPENDENT
14 ATTAINS AGE 25 YEARS;

15 (2) THE DATE ON WHICH THE CHILD DEPENDENT ACCEPTS
16 COVERAGE UNDER ANOTHER INDIVIDUAL HEALTH BENEFIT PLAN;

17 (3) THE DATE ON WHICH THE CHILD DEPENDENT BECOMES
18 ELIGIBLE FOR COVERAGE UNDER AN EMPLOYER-SPONSORED HEALTH BENEFIT
19 PLAN AS OTHER THAN A ~~DEPENDENT CHILD~~ CHILD DEPENDENT;

20 (4) THE DATE ON WHICH THE PARENT ELECTS TO TERMINATE
21 COVERAGE FOR THE CHILD DEPENDENT UNDER THE PARENT'S HEALTH
22 BENEFIT PLAN; OR

23 (5) THE DATE ON WHICH THE ~~PARENT TERMINATES COVERAGE~~
24 PARENT'S COVERAGE IS TERMINATED.

25 (E) ANY PREMIUM CHARGED FOR THE CONTINUATION OF COVERAGE
26 PROVIDED UNDER THIS SECTION MAY NOT EXCEED THE AMOUNT WHICH, UNDER
27 THE POLICY OR CONTRACT, THE CARRIER MAY CHARGE IN PREMIUM FOR
28 COVERAGE PROVIDED TO A CHILD WHO IS A DEPENDENT OF THE INSURED AND
29 HAS NOT REACHED THE LIMITING AGE.

1 ~~(E) THE CONTINUATION RIGHT PROVIDED UNDER THIS SECTION MAY~~
2 ~~NOT BE USED TO TERMINATE COVERAGE FOR AN INCAPACITATED CHILD AS~~
3 ~~PROVIDED UNDER § 15-402 OF THIS SUBTITLE.~~

4 ~~15-1201.~~

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

6 ~~(R) "WELLNESS ACTIVITY" MEANS AN EXPLICIT PROGRAM OR ACTIVITY,~~
7 ~~CONSISTENT WITH GUIDELINES DEVELOPED BY THE COMMISSION, SUCH AS~~
8 ~~SMOKING CESSATION, INJURY AND ACCIDENT PREVENTION, REDUCTION OF~~
9 ~~ALCOHOL MISUSE, APPROPRIATE WEIGHT REDUCTION, EXERCISE, AUTOMOBILE~~
10 ~~AND MOTORCYCLE SAFETY, BLOOD CHOLESTEROL REDUCTION, AND NUTRITION~~
11 ~~EDUCATION, FOR THE PURPOSE OF IMPROVING HEALTH STATUS AND REDUCING~~
12 ~~HEALTH CARE COSTS.~~

13 ~~15-1205.~~

14 ~~(a) (1) In establishing a community rate for a health benefit plan, a~~
15 ~~carrier shall use a rating methodology that is based on the experience of all risks~~
16 ~~covered by that health benefit plan without regard to health status or occupation or~~
17 ~~any other factor not specifically authorized under this subsection.~~

18 ~~(2) A carrier may adjust the community rate only for:~~

19 ~~(i) age; and~~

20 ~~(ii) geography based on the following contiguous areas of the~~
21 ~~State:~~

22 ~~1. the Baltimore metropolitan area;~~

23 ~~2. the District of Columbia metropolitan area;~~

24 ~~3. Western Maryland; and~~

25 ~~4. Eastern and Southern Maryland.~~

26 ~~(3) Rates for a health benefit plan may vary based on family~~
27 ~~composition as approved by the Commissioner.~~

1 ~~(4) A CARRIER MAY OFFER A DISCOUNTED RATE FOR~~
 2 ~~PARTICIPATION IN WELLNESS ACTIVITIES AS APPROVED BY THE~~
 3 ~~COMMISSIONER.~~

4 ~~(b) A carrier shall apply all risk adjustment factors under subsection (a) of~~
 5 ~~this section consistently with respect to all health benefit plans that are issued,~~
 6 ~~delivered, or renewed in the State.~~

7 ~~(e) Based on the adjustments allowed under subsection (a)(2) of this section,~~
 8 ~~a carrier may charge a rate that is 40% above or below the community rate.~~

9 ~~(d) (1) A carrier shall base its rating methods and practices on commonly~~
 10 ~~accepted actuarial assumptions and sound actuarial principles.~~

11 ~~(2) A carrier that is a health maintenance organization and that~~
 12 ~~includes a subrogation provision in its contract as authorized under § 19-713.1(d) of~~
 13 ~~the Health General Article shall:~~

14 ~~(i) use in its rating methodology an adjustment that reflects the~~
 15 ~~subrogation; and~~

16 ~~(ii) identify in its rate filing with the Administration, and~~
 17 ~~annually in a form approved by the Commissioner, all amounts recovered through~~
 18 ~~subrogation.~~

19 ~~15-1301.~~

20 ~~(f) (1) "Creditable coverage" means coverage of an individual under:~~

21 ~~(i) an employer sponsored plan;~~

22 ~~(ii) a health benefit plan;~~

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

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

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

27 ~~(vi) a medical care program of the Indian Health Service or of a~~
 28 ~~tribal organization;~~

(vii) ~~a State health benefits risk pool;~~

(viii) ~~a health plan offered under the Federal Employees Health Benefits Program (FEHBP), Title 5, Chapter 89 of the United States Code;~~

(ix) ~~a public health plan as defined by federal regulations authorized by the Public Health Service Act, § 2701(e)(1)(i), as amended by P.L. 104-191; or~~

(x) ~~a health benefit plan under § 5(e) of the Peace Corps Act, 22 U.S.C. 2504(e).~~

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

~~Article Tax General~~

~~10-106.2.~~

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

~~(2) "APPLICABLE POVERTY INCOME LEVEL" MEANS THE AMOUNT SPECIFIED IN THE POVERTY INCOME STANDARD THAT CORRESPONDS TO THE NUMBER OF EXEMPTIONS THAT THE INDIVIDUAL IS ALLOWED AND CLAIMS UNDER § 10-211(1) OF THIS TITLE.~~

~~(3) "HEALTH CARE COVERAGE" MEANS CREDITABLE COVERAGE AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE.~~

~~(4) "POVERTY INCOME STANDARD" MEANS THE MOST RECENT POVERTY INCOME GUIDELINES PUBLISHED BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES, AVAILABLE AS OF JULY 1 OF THE TAXABLE YEAR.~~

~~(B) SUBJECT TO SUBSECTIONS (C) AND (D) OF THIS SECTION, IN ADDITION TO THE STATE INCOME TAX UNDER § 10-105(A) OF THIS SUBTITLE:~~

~~(1) IF THE FEDERAL ADJUSTED GROSS INCOME OF AN INDIVIDUAL EXCEEDS 400% BUT DOES NOT EXCEED 500% OF THE APPLICABLE~~

~~1 POVERTY INCOME LEVEL, THE INDIVIDUAL IS SUBJECT TO A SURCHARGE OF~~
~~2 \$500, UNLESS THE INDIVIDUAL AND EACH DEPENDENT CHILD OF THE~~
~~3 INDIVIDUAL HAD HEALTH CARE COVERAGE;~~

~~4 (I) FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR; AND~~

~~5 (II) ON DECEMBER 31 OF THE TAXABLE YEAR;~~

~~6 (2) (I) FOR A MARRIED COUPLE FILING A JOINT RETURN,~~
~~7 EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM, IF THE JOINT FEDERAL~~
~~8 ADJUSTED GROSS INCOME OF THE MARRIED COUPLE EXCEEDS 400% BUT DOES~~
~~9 NOT EXCEED 500% OF THE APPLICABLE POVERTY INCOME LEVEL, THE~~
~~10 MARRIED COUPLE IS SUBJECT TO A SURCHARGE OF \$1,000, UNLESS EACH~~
~~11 SPOUSE AND EACH DEPENDENT CHILD OF THE MARRIED COUPLE HAD HEALTH~~
~~12 CARE COVERAGE;~~

~~13 1. FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR;~~

~~14 AND~~

~~15 2. ON DECEMBER 31 OF THE TAXABLE YEAR; OR~~

~~16 (II) THE SURCHARGE FOR A MARRIED COUPLE UNDER THIS~~
~~17 PARAGRAPH IS \$500, IF EACH DEPENDENT CHILD OF THE MARRIED COUPLE~~
~~18 AND EITHER THE HUSBAND OR WIFE HAD HEALTH CARE COVERAGE;~~

~~19 1. FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR;~~

~~20 AND~~

~~21 2. ON DECEMBER 31 OF THE TAXABLE YEAR;~~

~~22 (3) IF THE FEDERAL ADJUSTED GROSS INCOME OF AN~~
~~23 INDIVIDUAL EXCEEDS 500% OF THE APPLICABLE POVERTY INCOME LEVEL, THE~~
~~24 INDIVIDUAL IS SUBJECT TO A SURCHARGE OF \$1,000, UNLESS THE INDIVIDUAL~~
~~25 AND EACH DEPENDENT CHILD OF THE INDIVIDUAL HAD HEALTH CARE~~
~~26 COVERAGE;~~

~~27 (I) FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR; AND~~

~~28 (II) ON DECEMBER 31 OF THE TAXABLE YEAR; AND~~

1 ~~(4) (i) FOR A MARRIED COUPLE FILING A JOINT RETURN,~~
2 ~~EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM, IF THE JOINT FEDERAL~~
3 ~~ADJUSTED GROSS INCOME OF THE MARRIED COUPLE EXCEEDS 500% OF THE~~
4 ~~APPLICABLE POVERTY INCOME LEVEL, THE MARRIED COUPLE IS SUBJECT TO A~~
5 ~~SURCHARGE OF \$2,000, UNLESS EACH SPOUSE AND EACH DEPENDENT CHILD OF~~
6 ~~THE MARRIED COUPLE HAD HEALTH CARE COVERAGE:~~

7 ~~1. FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR;~~
8 ~~AND~~

9 ~~2. ON DECEMBER 31 OF THE TAXABLE YEAR; OR~~

10 ~~(ii) THE SURCHARGE FOR A MARRIED COUPLE UNDER THIS~~
11 ~~PARAGRAPH IS \$1,000, IF EACH DEPENDENT CHILD OF THE MARRIED COUPLE~~
12 ~~AND EITHER THE HUSBAND OR WIFE HAD HEALTH CARE COVERAGE:~~

13 ~~1. FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR;~~
14 ~~AND~~

15 ~~2. ON DECEMBER 31 OF THE TAXABLE YEAR.~~

16 ~~(c) THIS SECTION DOES NOT APPLY TO A NONRESIDENT, INCLUDING A~~
17 ~~NONRESIDENT SPOUSE OR A NONRESIDENT DEPENDENT.~~

18 ~~(d) THE COMPTROLLER SHALL PROVIDE FOR EXCEPTIONS TO~~
19 ~~SUBSECTION (B) OF THIS SECTION FOR INDIVIDUALS:~~

20 ~~(1) JUST ENTERING THE WORKFORCE;~~

21 ~~(2) RECENTLY MOVING INTO THE STATE; OR~~

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

24 ~~(e) THE TAXPAYER SHALL INDICATE ON THE TAX RETURN, IN THE FORM~~
25 ~~REQUIRED BY THE COMPTROLLER, THE PRESENCE OF HEALTH CARE COVERAGE~~
26 ~~THAT MEETS THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION FOR~~

1 ~~THE INDIVIDUAL, THE SPOUSE IN THE CASE OF A MARRIED COUPLE, AND EACH~~
 2 ~~DEPENDENT CHILD.~~

3 ~~(F) NOTWITHSTANDING § 2-609 OF THIS ARTICLE, AFTER DEDUCTING A~~
 4 ~~REASONABLE AMOUNT FOR ADMINISTRATIVE COSTS, THE COMPTROLLER~~
 5 ~~SHALL DISTRIBUTE THE REVENUES FROM THE SURCHARGE TO THE HEALTH~~
 6 ~~CARE COVERAGE FUND ESTABLISHED IN TITLE 15, SUBTITLE 7 OF THE~~
 7 ~~HEALTH GENERAL ARTICLE.~~

8 ~~10-910.~~

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

11 ~~(i) on the number of exemptions stated in the exemption~~
 12 ~~certificate that the employee files; or~~

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

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

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

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

24 ~~(3) (1) 1. IN THIS PARAGRAPH THE FOLLOWING WORDS~~
 25 ~~HAVE THE MEANINGS INDICATED.~~

26 ~~2. "APPLICABLE POVERTY INCOME LEVEL" MEANS~~
 27 ~~THE AMOUNT SPECIFIED IN THE POVERTY INCOME STANDARD THAT~~
 28 ~~CORRESPONDS TO THE NUMBER OF EXEMPTIONS THAT THE INDIVIDUAL IS~~
 29 ~~ALLOWED AND CLAIMS UNDER § 10-211(1) OF THIS TITLE.~~

1 ~~3. "HEALTH CARE COVERAGE" MEANS CREDITABLE~~
 2 ~~COVERAGE AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE.~~

3 ~~4. "POVERTY INCOME STANDARD" MEANS THE MOST~~
 4 ~~RECENT POVERTY INCOME GUIDELINES PUBLISHED BY THE UNITED STATES~~
 5 ~~DEPARTMENT OF HEALTH AND HUMAN SERVICES, AVAILABLE AS OF JULY 1 OF~~
 6 ~~THE TAXABLE YEAR.~~

7 ~~(H) AN EMPLOYER SHALL BASE WITHHOLDING FOR AN~~
 8 ~~EMPLOYEE ON ZERO EXEMPTIONS IF THE COMPENSATION OF THE EMPLOYEE IS~~
 9 ~~EXPECTED TO EXCEED 400% OF THE APPLICABLE POVERTY INCOME LEVEL IN~~
 10 ~~ANY TAX YEAR AND THE EMPLOYEE DOES NOT HAVE HEALTH CARE COVERAGE~~
 11 ~~FROM THE EMPLOYER OR HAS NOT PRESENTED THE EMPLOYER WITH A~~
 12 ~~CERTIFICATION OF OTHER HEALTH CARE COVERAGE.~~

13 SECTION ~~4~~ 3. AND BE IT FURTHER ENACTED, That:

14 **Chapter 280 of the Acts of 2005**

15 SECTION 7. AND BE IT FURTHER ENACTED, That[, if the Centers for
 16 Medicare and Medicaid Services approves the primary care waiver applied for under
 17 Chapter 448 of the Acts of 2003,]:

18 (A) [the] **THE** Department of Health and Mental Hygiene shall submit an
 19 amendment to the **MEDICAID** waiver to include office-based and outpatient specialty
 20 medical care and inpatient medical care for individuals with family income below
 21 116% of the federal poverty guidelines who meet the eligibility requirements for the
 22 Maryland Primary Care Program.

23 (B) **IF NECESSARY TO GAIN APPROVAL OF THE AMENDMENT OR FOR**
 24 **BUDGETARY REASONS, THE DEPARTMENT MAY PHASE IN IMPLEMENTATION OF**
 25 **THE ADDITIONAL COVERAGE UNDER SUBSECTION (A) OF THIS SECTION.**

26 (C) **ON OR BEFORE SEPTEMBER 1, 2007, AND QUARTERLY**
 27 **THEREAFTER, THE DEPARTMENT SHALL REPORT, IN ACCORDANCE WITH §**
 28 **2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE SENATE FINANCE**
 29 **COMMITTEE AND THE HOUSE HEALTH AND GOVERNMENT OPERATIONS**
 30 **COMMITTEE ON THE DEPARTMENT'S PROGRESS IN IMPLEMENTING THE**
 31 **REQUIREMENTS OF THIS SECTION.**

1 SECTION ~~5~~ 4. AND BE IT FURTHER ENACTED, That:

2 (a) The Secretary of Health and Mental Hygiene shall develop a statewide
3 plan to improve the quality and cost-effectiveness of care for individuals with, or at
4 risk for, chronic health care conditions.

5 (b) The plan shall include:

6 (1) patient self-management, in collaboration with a health care team;

7 (2) incentives for provision of care consistent with evidence-based
8 standards;

9 (3) ways to engage communities to fight physical inactivity and
10 obesity;

11 (4) identification of information technology that supports care
12 management;

13 (5) linkages between financing mechanisms and performance
14 measures; and

15 (6) a chronic care management program that incorporates all elements
16 of the plan, for enrollees in the Maryland Medical Assistance Program.

17 (c) The Secretary shall involve representatives of stakeholder groups,
18 including health care providers, payors, consumers, and other State and local
19 agencies, in developing the plan.

20 (d) On or before January 1, 2008, the Secretary shall report on the plan to
21 the Governor and, in accordance with § 2-1246 of the State Government Article, the
22 General Assembly.

23 SECTION ~~6~~ 5. AND BE IT FURTHER ENACTED, That:

24 (a) The Department of Budget and Management and the Department of
25 Health and Mental Hygiene shall jointly develop a wellness incentive pilot program for
26 State employees.

27 (b) The purpose of the program is to provide incentives for State employees,
28 their dependents, and other enrollees to maintain their health and prevent chronic
29 illness.

1 (c) The program shall:

2 (1) provide incentives for activities such as smoking cessation, injury
3 and accident prevention, reduction of drug and alcohol misuse, appropriate weight
4 reduction, exercise, automobile and motorcycle safety, blood cholesterol reduction, ~~and~~
5 nutrition education, and use of advance directives; and

6 (2) include performance measures, including savings in health care
7 costs.

8 (d) On or before January 1, 2008, the Departments shall report to the
9 Governor and, in accordance with § 2-1246 of the State Government Article, the
10 General Assembly on the components of and implementation plans for the program.

11 (e) The Departments shall implement the program beginning July 1, 2008.

12 ~~SECTION 7. AND BE IT FURTHER ENACTED, That:~~

13 ~~(a) The Maryland Health Care Commission and the Health Services Cost~~
14 ~~Review Commission shall collaborate in seeking a proposal or proposals leading to the~~
15 ~~establishment of:~~

16 ~~(1) a regional health information exchange, to include:~~

17 ~~(i) the design and development of the technical architecture;~~

18 ~~(ii) the implementation of a pilot project or projects; and~~

19 ~~(iii) the identification of a sustainable and expandable business~~
20 ~~model; and~~

21 ~~(2) a unique patient identifier for electronic medical records in the~~
22 ~~State.~~

23 ~~(b) To provide funding for the support of the proposal or proposals, the~~
24 ~~Health Services Cost Review Commission may increase hospital rates.~~

25 SECTION ~~8.~~ 6. AND BE IT FURTHER ENACTED, That the changes to §
26 15-103(a)(2)(x) and (3) of the Health – General Article, as enacted by Section 1 of this
27 Act, shall take effect on the date that the federal Centers for Medicare and Medicaid
28 Services approves a waiver amendment submitted in accordance with Section ~~4~~ 3 of
29 this Act. If the waiver amendment is denied, the changes to § 15-103(a)(2)(x) and (3)
30 of the Health – General Article, as enacted by Section 1 of this Act, shall be null and

1 void without the necessity of further action by the General Assembly. The Department
2 of Health and Mental Hygiene, within 5 days after receiving notice of approval or
3 denial of a waiver, shall forward a copy of the notice to the Department of Legislative
4 Services, 90 State Circle, Annapolis, Maryland 21401.

5 SECTION ~~9~~ 7. AND BE IT FURTHER ENACTED, That:

6 (a) The Maryland Health Care Commission, in consultation with the
7 Maryland Insurance Administration, shall conduct a study of the feasibility and
8 desirability of establishing a health insurance exchange to promote expansion of
9 affordable health care coverage in the State.

10 (b) The study shall include:

11 (1) the organization and governance of an exchange;

12 (2) the target population for an exchange;

13 (3) the functions an exchange would carry out;

14 (4) types of products to be offered through an exchange;

15 (5) the merits of creating a separate insurance product to be
16 administered and offered by an exchange, versus offering existing insurance products;

17 (6) incentives for employers and individuals to participate in an
18 exchange;

19 (7) the impact of an exchange on the State's existing health insurance
20 markets;

21 (8) the need to restructure the State's existing health insurance
22 markets, including combining the individual and small group markets, to achieve the
23 goal of making health insurance more affordable;

24 (9) the relationship between the exchange and insurance producers,
25 including the services provided by licensed health insurance producers;

26 (10) mechanisms for State oversight;

27 (11) funding;

1 (12) whether participation in the exchange should be mandatory or
2 voluntary; ~~and~~

3 (13) the relationship of the Consumer Education and Advocacy
4 Program established under Title 2, Subtitle 3 of the Insurance Article to an exchange,
5 including the need to expand the Program to provide additional information to
6 consumers regarding health insurance; and

7 ~~(13)~~ (14) any lessons learned from experience in Massachusetts with
8 an exchange.

9 (c) On or before January 1, 2008, the Commission shall report on the results
10 of its study, in accordance with § 2-1246 of the State Government Article, to the
11 Senate Finance Committee and the House Health and Government Operations
12 Committee.

13 SECTION ~~10~~ 8. AND BE IT FURTHER ENACTED, That Section 2 of this Act
14 shall apply to all policies and contracts issued, delivered, or renewed in the State on or
15 after October 1, 2007. Any policy or contract in effect before October 1, 2007, shall
16 comply with the provisions of this Act no later than October 1, 2008.

17 SECTION 9. AND BE IT FURTHER ENACTED, That the provisions of §
18 15-701(h)(4) and (j) of the Health – General Article, as enacted by Section 1 of this
19 Act, shall be contingent on the taking effect of Chapter (H.B. 510) of the Acts of the
20 General Assembly of 2007, and if Chapter does not become effective, § 15-701(h)(4)
21 and (j) shall be null and void without the necessity of further action by the General
22 Assembly.

23 ~~SECTION 11. AND BE IT FURTHER ENACTED, That the Comptroller shall~~
24 ~~widely publicize the requirements of Section 3 of this Act to provide an adequate~~
25 ~~opportunity for individuals to obtain health care coverage and avoid a surcharge.~~

26 ~~SECTION 12. AND BE IT FURTHER ENACTED, That Section 3 of this Act~~
27 ~~shall take effect January 1, 2008, and shall be applicable to all taxable years~~
28 ~~beginning after December 31, 2007.~~

29 SECTION 10. AND BE IT FURTHER ENACTED, That all cigarettes used,
30 possessed, or held in the State on or after June 1, 2007, by any person for sale or use
31 in the State, shall be subject to the full tobacco tax of \$2 on cigarettes imposed by this
32 Act. This requirement includes: (1) cigarettes in vending machines or other
33 mechanical dispensers; and (2) cigarettes (generally referred to as “floor stock”) in
34 packages which already bear stamps issued by the Comptroller under the State

1 Tobacco Tax Act but for an amount less than the full tax imposed of \$1 for each 10
2 cigarettes or fractional part thereof; all cigarettes held for sale by any person in the
3 State on or after June 1, 2007, that bear a stamp issued by the Comptroller of a value
4 less than \$2 for each pack of 20 cigarettes must be stamped with the additional
5 stamps necessary to make the aggregate tax value equal to \$2. The Comptroller may
6 provide an alternative method of collecting the additional tax. The revenue
7 attributable to this requirement shall be remitted to the Comptroller by September 30,
8 2007. Except as otherwise provided in this Section, on or after June 1, 2007, no
9 Maryland stamp shall be used except the stamp issued by the Comptroller to evidence
10 the tobacco tax on cigarettes of \$2 imposed by this Act.

11 SECTION 11. AND BE IT FURTHER ENACTED, That, for fiscal year 2008,
12 funds may be appropriated and transferred by budget amendment from the Health
13 Care Coverage Fund established under Section 1 of this Act for the expansion of
14 eligibility for the Maryland Medical Assistance Program and the Maryland Children’s
15 Health Program, as enacted under Section 1 of this Act.

16 SECTION 12. AND BE IT FURTHER ENACTED, That the State Health
17 Services Cost Review Commission and the Department of Health and Mental Hygiene
18 shall develop a mechanism to calculate the amount of averted hospital uncompensated
19 care resulting from the expansion of eligibility for the Maryland Medical Assistance
20 Program and the Maryland Children’s Health Program, as enacted under Section 1 of
21 this Act.

22 SECTION 13. AND BE IT FURTHER ENACTED, That the Board of Directors
23 for the Maryland Health Insurance Plan shall transfer \$75,000,000 by budget
24 amendment from the Maryland Health Insurance Plan Fund to the Health Care
25 Coverage Fund established under Section 1 of this Act to be used only for expansion of
26 the Maryland Medical Assistance Program under § 15-103(a)(2)(ix) and (x) of the
27 Health – General Article, as enacted by Section 1 of this Act.

28 SECTION 14. AND BE IT FURTHER ENACTED, That if the State’s Medicare
29 waiver under § 1814(b) of the federal Social Security Act terminates, the hospital rate
30 assessment specified under § 19-214 of the Health – General Article, as enacted under
31 Section 1 of this Act, shall terminate at the end of the fiscal year in which the waiver
32 terminates.

1 SECTION 15. AND BE IT FURTHER ENACTED, That the State shall ensure
 2 that the transfer of funds from the Maryland Health Insurance Plan Fund under
 3 Section 13 of this Act and the hospital rate assessment specified under § 19–214 of the
 4 Health – General Article, as enacted under Section 1 of this Act, shall be consistent
 5 with the State’s Medicare waiver under § 1814(b) of the federal Social Security Act and
 6 federal regulations.

7 SECTION ~~13, 14, 16.~~ AND BE IT FURTHER ENACTED, That, except as
 8 provided in Sections ~~8, 10, and 12~~ 6 and 8 of this Act, this Act shall take effect ~~July 1,~~
 9 June 1, 2007.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.