

SENATE BILL 149

C3, J1, Q3

71r0180

By: **The President (By Request - Administration) and Senators Exum, Garagiola, Gladden, Kelley, Klausmeier, Middleton, Pipkin, Pugh, and Zirkin**

Introduced and read first time: January 25, 2007

Rules Suspended

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 23, 2007

CHAPTER _____

1 AN ACT concerning

2 **Maryland Health Care Access Act of 2007**

3 FOR the purpose of altering certain eligibility requirements for participation in the
4 Maryland Children's Health Program; requiring the Department of Health and
5 Mental Hygiene to establish a certain annual family contribution; ~~requiring the~~
6 ~~Department to adopt certain regulations~~ authorizing certain regulations
7 adopted by the Department to include certain incentives; establishing ~~requiring~~
8 the Secretary of Health and Mental Hygiene to establish the Maryland Institute
9 ~~for Health Care Quality as an independent, nonprofit organization~~ Health Care
10 Quality Coordinating Council; establishing the purpose, duties, ~~and~~
11 membership, chair, and staff of the Institute Council; requiring the State
12 Health Services Cost Review Commission to adopt certain regulations and make
13 a certain report on or before a certain date; requiring the Commission to
14 establish certain standards and benchmarks in conjunction with certain
15 entities; ~~establishing the Maryland Health Insurance Exchange as a body~~
16 ~~corporate and independent of all State units; providing for the governance,~~
17 ~~purpose, and duties of the Exchange; establishing the Board of Directors of the~~
18 ~~Exchange; establishing the composition, terms of members, duties, and~~

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 ~~authority of the Board; establishing eligibility requirements for participation in~~
2 ~~health benefit plans offered by the Exchange; requiring each employer in the~~
3 ~~State with a certain number of employees to adopt and maintain a certain~~
4 ~~cafeteria plan; providing certain penalties for a violation of certain provisions of~~
5 ~~this Act; requiring each group or individual health benefit plan issued or~~
6 ~~delivered in the State by certain carriers to permit a child to continue coverage~~
7 ~~under the plan under certain circumstances and for a certain period of time~~
8 altering a certain requirement that a certain health insurance carrier notify
9 certain parents of certain information; requiring the Maryland Insurance
10 Commissioner to establish and publish a certain notice; requiring certain health
11 insurance policies and contracts to provide for certain coverage for certain
12 dependents under certain circumstances; authorizing certain carriers in the
13 small group insurance market to offer a ~~discounted rate~~ discount for
14 participation in certain wellness ~~activities~~ programs under certain
15 circumstances; providing that the Maryland Health Insurance Plan is within
16 the Exchange; altering the purpose of the Plan; repealing certain provisions of
17 law that establish and govern the Board of Directors for the Plan; repealing
18 certain provisions of law that authorize the Board of Directors for the Plan to
19 aggregate the purchasing of prescription drugs for certain enrollees; repealing
20 certain reporting requirements; requiring the Board of Directors of the
21 Exchange to make certain annual reports to the Governor and the General
22 Assembly; requiring the Secretary of Health and Mental Hygiene to develop a
23 certain plan to improve the quality and cost-effectiveness of care for certain
24 individuals and to make a certain report on the plan; requiring the Department
25 of Budget and Management and the Department of Health and Mental Hygiene
26 to jointly develop a certain wellness incentive pilot program; requiring the
27 Departments to implement the plan on or before a certain date; requiring the
28 Maryland Health Care Commission, in consultation with the Maryland
29 Insurance Administration, to conduct a certain study; requiring the Commission
30 to submit a certain interim report to a certain Task Force on or before a certain
31 date; requiring the Commission to report to certain committees of the General
32 Assembly on the results of the study on or before a certain date; requiring the
33 Maryland Health Care Commission and the State Health Services Cost Review
34 Commission to collaborate in seeking a proposal to establish a certain regional
35 health information exchange; establishing a Task Force on Expanding Access to
36 Affordable Health Care; providing for the membership, chair, staff,
37 compensation of members, and duties of the Task Force; requiring the
38 Department of Health and Mental Hygiene to submit certain reports on or
39 before a certain date; requiring the Department of Health and Mental Hygiene,
40 in conjunction with the Department of Human Resources, to conduct a certain
41 needs assessment; requiring the Joint Committee on Health Care Delivery and
42 Financing to study certain issues and include certain findings in a certain
43 report; declaring the intent of the General Assembly; defining certain terms;

1 altering certain definitions; providing for the application of certain provisions of
 2 this Act; ~~providing for a delayed effective date for certain provisions of this Act;~~
 3 providing for the termination of certain provisions of this Act; and generally
 4 relating to the Maryland Health Care Access Act of 2007.

5 BY repealing and reenacting, without amendments,
 6 Article – Health – General
 7 Section 15–301(a) and 19–219(a)
 8 Annotated Code of Maryland
 9 (2005 Replacement Volume and 2006 Supplement)

10 BY repealing and reenacting, with amendments,
 11 Article – Health – General
 12 Section 15–301(b) and (c), 15–301.1, and 19–219(b)
 13 Annotated Code of Maryland
 14 (2005 Replacement Volume and 2006 Supplement)

15 BY adding to
 16 Article – Health – General
 17 Section 19–140 and 19–706(jjj)
 18 Annotated Code of Maryland
 19 (2005 Replacement Volume and 2006 Supplement)

20 BY adding to
 21 Article – Insurance
 22 ~~Section 15–418, 15–1201(r), and 15–1601 through 15–1614 to be under the new~~
 23 ~~subtitle “Subtitle 16. Maryland Health Insurance Exchange”~~
 24 Section 15–418 and 15–1201(r)
 25 Annotated Code of Maryland
 26 (2006 Replacement Volume and 2006 Supplement)

27 ~~BY adding to~~
 28 ~~Article – Labor and Employment~~
 29 ~~Section 12–101 through 12–103 to be under the new title “Title 12. Cafeteria~~
 30 ~~Plan”~~
 31 ~~Annotated Code of Maryland~~
 32 ~~(1999 Replacement Volume and 2006 Supplement)~~

33 BY repealing and reenacting, without amendments,
 34 Article – Insurance
 35 Section ~~14–501(a), (g), (i), and (j)~~ and 15–1201(a) and (d)
 36 Annotated Code of Maryland
 37 (2006 Replacement Volume and 2006 Supplement)

1 BY repealing and reenacting, with amendments,
 2 Article – Insurance
 3 Section ~~14-501(e), 14-502, 14-503, and 15-416~~ and 15-1205
 4 Annotated Code of Maryland
 5 (2006 Replacement Volume and 2006 Supplement)

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

8 **Article – Health – General**

9 15-301.

10 (a) There is a Maryland Children’s Health Program.

11 (b) The Maryland Children’s Health Program shall provide, subject to the
 12 limitations of the State budget and any other requirements imposed by the State and
 13 as permitted by federal law or waiver, comprehensive medical care and other health
 14 care services to an individual ~~who has a family income at or below [300 percent]~~ **400%**
 15 ~~of the federal poverty guidelines and~~ who is under the age of 19 years.

16 (c) The Maryland Children’s Health Program shall be administered:

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

21 (2) For eligible individuals whose family income is ~~above [200 percent]~~
 22 ~~200%, but at or below [300 percent]~~ **400% ABOVE 200%** of the federal poverty
 23 guidelines, through the MCHP premium plan under § 15-301.1 of this subtitle; or

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

27 15-301.1.

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

1 (2) “Eligible individual” means an individual who qualifies to
2 participate in the Maryland Children’s Health Program under § 15–301(b) of this
3 subtitle **AND WHOSE FAMILY INCOME IS ABOVE 200% ~~BUT AT OR BELOW 400%~~ OF**
4 **THE FEDERAL POVERTY GUIDELINES.**

5 (3) “Family contribution” means the portion of the premium cost paid
6 for an eligible individual to enroll and participate in the Maryland Children’s Health
7 Program.

8 (4) “MCHP premium plan” means the plan established under this
9 section to provide access to health insurance coverage to eligible individuals through
10 managed care organizations under the Maryland Children’s Health Program.

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

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

17 (i) In fiscal year 2004 only, for an eligible individual whose
18 family income is above 185 percent, but at or below 200 percent of the federal poverty
19 guidelines, an amount equal to 2 percent of the annual income of a family of two at
20 185 percent of the federal poverty guidelines;

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

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

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

32 **(2) THE DEPARTMENT SHALL ESTABLISH AN ANNUAL FAMILY**
33 **CONTRIBUTION THAT:**

- 1 (I) IS REASONABLE, ACCORDING TO THE FAMILY INCOME;
2 AND
3 (II) ENCOURAGES ENROLLMENT OF ALL ELIGIBLE
4 INDIVIDUALS.

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

7 (2) THE REGULATIONS MAY PROVIDE INCENTIVES FOR ELIGIBLE
8 INDIVIDUALS TO ENROLL IN ANY EMPLOYER SPONSORED INSURANCE THAT MAY
9 BE AVAILABLE TO THEM.

10 (3) THE ANNUAL FAMILY CONTRIBUTION FOR AN ELIGIBLE
11 INDIVIDUAL WHOSE FAMILY INCOME IS ABOVE 300% OF FEDERAL POVERTY
12 GUIDELINES SHALL BE BASED ON FULL BENEFIT COSTS, INCLUDING COSTS FOR
13 SPECIALTY MENTAL HEALTH SERVICES.

14 19-140.

15 ~~(A) THERE IS A MARYLAND INSTITUTE FOR HEALTH CARE QUALITY.~~

16 ~~(B) THE PURPOSE OF THE INSTITUTE IS TO PROMOTE HEALTH CARE~~
17 ~~QUALITY AND ACCELERATE IMPROVEMENT IN THE VALUE OF HEALTH CARE~~
18 ~~DELIVERED IN THE STATE.~~

19 ~~(C) THE INSTITUTE IS AN INDEPENDENT, NONPROFIT ORGANIZATION~~
20 ~~GOVERNED BY A BOARD OF DIRECTORS.~~

21 ~~(D) THE INSTITUTE SHALL:~~

22 ~~(1) FACILITATE COLLABORATION ON HEALTH CARE QUALITY~~
23 ~~IMPROVEMENT BY MEDICAL GROUPS, HOSPITALS, AND HEALTH PLANS THAT~~
24 ~~OPERATE IN THE STATE;~~

25 ~~(2) SURVEY SCIENTIFIC LITERATURE AND DRAFT HEALTH CARE~~
26 ~~GUIDELINES BASED ON SCIENTIFIC EVIDENCE;~~

1 ~~(3) PROVIDE SCIENTIFIC APPRAISALS OF THE SAFETY AND~~
2 ~~EFFICACY OF EMERGING AND LEADING EDGE MEDICAL TECHNOLOGY;~~

3 ~~(4) EVALUATE THE IMPACT OF HEALTH INFORMATION~~
4 ~~TECHNOLOGY PRODUCTS AND SYSTEMS ON HEALTH CARE QUALITY;~~

5 ~~(5) ORGANIZE ACTION GROUPS FOR TOPICS OF SIGNIFICANT~~
6 ~~INTEREST, SUCH AS CHRONIC DISEASE CARE, PREVENTIVE SERVICES, AND~~
7 ~~PATIENT SAFETY;~~

8 ~~(6) PROVIDE QUALITY IMPROVEMENT EDUCATION AND~~
9 ~~TRAINING; AND~~

10 ~~(7) PARTICIPATE IN COMMUNITY HEALTH CARE QUALITY~~
11 ~~DISCUSSIONS.~~

12 ~~(E) FUNDING FOR THE INSTITUTE SHALL BE DERIVED FROM MEMBER~~
13 ~~DUES.~~

14 ~~(F) MEMBERSHIP IN THE INSTITUTE SHALL BE COMPRISED OF:~~

15 ~~(1) HOSPITALS;~~

16 ~~(2) OTHER HEALTH CARE FACILITIES;~~

17 ~~(3) HEALTH CARE PROVIDER GROUPS;~~

18 ~~(4) HEALTH INSURERS, HEALTH MAINTENANCE ORGANIZATIONS,~~
19 ~~NONPROFIT HEALTH SERVICE PLANS, AND MANAGED CARE ORGANIZATIONS;~~
20 ~~AND~~

21 ~~(5) INDIVIDUALS.~~

22 ~~(A) IN THIS SECTION, "COUNCIL" MEANS THE MARYLAND HEALTH~~
23 ~~CARE QUALITY COORDINATING COUNCIL.~~

24 ~~(B) THE SECRETARY SHALL ESTABLISH A MARYLAND HEALTH CARE~~
25 ~~QUALITY COORDINATING COUNCIL TO COORDINATE, EVALUATE, AND~~
26 ~~PRIORITIZE HEALTH CARE QUALITY INITIATIVES IN THE STATE.~~

1 **(C) (1) THE COUNCIL SHALL CONSIST OF SEVEN MEMBERS.**

2 **(2) OF THE SEVEN MEMBERS:**

3 **(I) SIX SHALL BE APPOINTED BY THE SECRETARY, TWO OF**
4 **WHOM SHALL BE INDIVIDUALS WHO ARE NOT EMPLOYED BY A HEALTH CARE**
5 **PROVIDER OR HEALTH INSURANCE CARRIER; AND**

6 **(II) ONE SHALL BE THE SECRETARY OF HEALTH AND**
7 **MENTAL HYGIENE, OR THE SECRETARY'S DESIGNEE.**

8 **(3) TO THE EXTENT PRACTICABLE, MEMBERS OF THE COUNCIL**
9 **SHALL BE REPRESENTATIVE OF ONGOING QUALITY EFFORTS IN MARYLAND.**

10 **(D) WITH THE EXCEPTION OF THE MEMBER DESCRIBED IN SUBSECTION**
11 **(C)(2)(II) OF THIS SECTION:**

12 **(1) THE TERM OF A MEMBER OF THE COUNCIL SHALL BE 3**
13 **YEARS; AND**

14 **(2) A COUNCIL MEMBER MAY NOT SERVE MORE THAN TWO**
15 **TERMS CONSECUTIVELY.**

16 **(E) THE SECRETARY SHALL DESIGNATE THE CHAIR OF THE COUNCIL.**

17 **(F) (1) A MAJORITY OF THE FULL AUTHORIZED MEMBERSHIP OF THE**
18 **COUNCIL IS A QUORUM.**

19 **(2) THE COUNCIL MAY ACT ON ANY MATTER WITH THE**
20 **AUTHORIZATION OF A MAJORITY OF A QUORUM PRESENT AND VOTING.**

21 **(G) A MEMBER OF THE COUNCIL:**

22 **(1) MAY NOT RECEIVE COMPENSATION; BUT**

23 **(2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE**
24 **STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE**
25 **BUDGET.**

1 **(H) THE SECRETARY SHALL DESIGNATE THE STAFF NECESSARY TO**
2 **PROVIDE SUPPORT FOR THE COUNCIL.**

3 **(I) THE COUNCIL SHALL:**

4 **(1) COORDINATE AND FACILITATE COLLABORATION ON HEALTH**
5 **CARE QUALITY IMPROVEMENT INITIATIVES BY:**

6 **(I) MEDICAL GROUPS, HOSPITALS, AND OTHER HEALTH**
7 **CARE PROVIDERS;**

8 **(II) HEALTH INSURANCE CARRIERS AND OTHER HEALTH**
9 **CARE PURCHASERS;**

10 **(III) STATE AND LOCAL GOVERNMENTAL ENTITIES; AND**

11 **(IV) PROFESSIONAL BOARDS;**

12 **(2) CONDUCT STRATEGIC PLANNING AND PRIORITIZATION OF**
13 **HEALTH CARE QUALITY INITIATIVES;**

14 **(3) PARTICIPATE IN HEALTH CARE QUALITY DISCUSSIONS AND**
15 **MAKE RECOMMENDATIONS ON HEALTH CARE QUALITY AND PRIORITIES TO**
16 **POLICYMAKERS, STATE AND LOCAL GOVERNMENTAL ENTITIES, PROFESSIONAL**
17 **BOARDS, THE MARYLAND PATIENT SAFETY CENTER, INDUSTRY GROUPS,**
18 **CONSUMERS, AND OTHER STAKEHOLDERS; AND**

19 **(4) (I) EVALUATE THE IMPACT OF HEALTH INFORMATION**
20 **TECHNOLOGY PRODUCTS AND SYSTEMS ON HEALTH CARE QUALITY; AND**

21 **(II) FACILITATE THE INTEGRATION OF HEALTH**
22 **INFORMATION TECHNOLOGY IN HEALTH CARE SYSTEMS.**

23 **(J) THE COUNCIL SHALL AVOID DUPLICATION OF EXISTING HEALTH**
24 **CARE QUALITY IMPROVEMENT EFFORTS IN THE STATE.**

25 **(K) ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE COUNCIL SHALL**
26 **SUBMIT A REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH §**
27 **2-1246 OF THE STATE GOVERNMENT ARTICLE, DESCRIBING ITS ACTIVITIES**

1 **FOR THE PREVIOUS YEAR, AND MAKING RECOMMENDATIONS FOR IMPROVING**
2 **HEALTH CARE QUALITY IN THE STATE.**

3 19–219.

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

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

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

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

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

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

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

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

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

24 **2. REPORT TO THE SENATE FINANCE COMMITTEE**
25 **AND THE HOUSE HEALTH AND GOVERNMENT OPERATIONS COMMITTEE, IN**
26 **ACCORDANCE WITH § 2–1246 OF THE STATE GOVERNMENT ARTICLE, A PLAN TO**
27 **ANALYZE DATA COLLECTED UNDER THE COMMISSION’S QUALITY–BASED**
28 **REIMBURSEMENT PROJECT THAT INDICATE WHETHER THERE ARE RACIAL AND**
29 **ETHNIC DISPARITIES IN ADHERENCE TO QUALITY STANDARDS AND**
30 **PERFORMANCE BENCHMARKS.**

1 (II) THE COMMISSION SHALL ESTABLISH QUALITY
2 STANDARDS AND PERFORMANCE BENCHMARKS IN CONJUNCTION WITH THE
3 MARYLAND HEALTH CARE COMMISSION, THE OFFICE OF HEALTH CARE
4 QUALITY, AND THE MARYLAND ~~INSTITUTE FOR HEALTH CARE QUALITY~~
5 HEALTH CARE QUALITY COORDINATING COUNCIL.

6 ~~Article Insurance~~

7 ~~SUBTITLE 16. MARYLAND HEALTH INSURANCE EXCHANGE.~~

8 ~~15-1601.~~

9 (A) ~~IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS~~
10 ~~INDICATED.~~

11 (B) ~~“ADMINISTRATOR” HAS THE MEANING STATED IN THE FEDERAL~~
12 ~~EMPLOYEE RETIREMENT INCOME SECURITY ACT, 29 U.S.C. § 1002.~~

13 (C) ~~“BOARD” MEANS THE BOARD OF DIRECTORS OF THE MARYLAND~~
14 ~~HEALTH INSURANCE EXCHANGE.~~

15 (D) ~~“EXCHANGE” MEANS THE MARYLAND HEALTH INSURANCE~~
16 ~~EXCHANGE.~~

17 (E) ~~“SMALL EMPLOYER” HAS THE MEANING STATED IN § 15-1201 OF~~
18 ~~THIS TITLE.~~

19 ~~15-1602.~~

20 (A) ~~THERE IS A MARYLAND HEALTH INSURANCE EXCHANGE.~~

21 (B) ~~THE EXCHANGE IS GOVERNED BY A BOARD OF DIRECTORS.~~

22 (C) ~~THE PURPOSE OF THE EXCHANGE IS TO FACILITATE THE~~
23 ~~AVAILABILITY, CHOICE, AND PURCHASE OF PRIVATE HEALTH INSURANCE PLANS~~
24 ~~TO AND BY INDIVIDUALS AND SMALL EMPLOYERS IN THE STATE.~~

25 ~~15-1603.~~

1 ~~(A) THE EXCHANGE IS A BODY CORPORATE THAT IS INDEPENDENT OF~~
2 ~~ALL STATE UNITS.~~

3 ~~(B) THE EXCHANGE IS EXEMPT FROM:~~

4 ~~(1) TAXATION BY THE STATE AND LOCAL GOVERNMENT;~~

5 ~~(2) THE REQUIREMENTS OF § 7-302 OF THE STATE FINANCE AND~~
6 ~~PROCUREMENT ARTICLE; AND~~

7 ~~(3) EXCEPT AS PROVIDED IN TITLE 14, SUBTITLE 3 (MINORITY~~
8 ~~BUSINESS PARTICIPATION), THE REQUIREMENTS OF DIVISION II (GENERAL~~
9 ~~PROCUREMENT LAW) OF THE STATE FINANCE AND PROCUREMENT ARTICLE.~~

10 ~~15-1604.~~

11 ~~(A) THERE IS A BOARD OF DIRECTORS FOR THE EXCHANGE, WITH~~
12 ~~DUTIES AND POWERS ESTABLISHED BY THIS SUBTITLE.~~

13 ~~(B) (1) THE BOARD CONSISTS OF 9 MEMBERS APPOINTED BY THE~~
14 ~~GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE.~~

15 ~~(2) OF THE 9 MEMBERS:~~

16 ~~(I) AT LEAST 2 SHALL REPRESENT SMALL BUSINESS~~
17 ~~INTERESTS; AND~~

18 ~~(II) AT LEAST 2 SHALL REPRESENT CONSUMER INTERESTS.~~

19 ~~(3) THE GOVERNOR SHALL CONSIDER RACIAL, GENDER, AND~~
20 ~~GEOGRAPHIC DIVERSITY IN MAKING APPOINTMENTS TO THE BOARD.~~

21 ~~(C) (1) THE TERM OF A MEMBER IS 3 YEARS.~~

22 ~~(2) THE TERMS OF MEMBERS ARE STAGGERED AS REQUIRED BY~~
23 ~~THE TERMS PROVIDED FOR MEMBERS OF THE BOARD ON JULY 1, 2007.~~

24 ~~(3) AT THE END OF A TERM A MEMBER CONTINUES TO SERVE~~
25 ~~UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.~~

1 ~~(4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN~~
2 ~~SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS~~
3 ~~APPOINTED AND QUALIFIES.~~

4 ~~(5) THE GOVERNOR MAY REMOVE A MEMBER FOR NEGLIGENCE OF~~
5 ~~DUTY, INCOMPETENCE, OR MISCONDUCT.~~

6 ~~(6) A MEMBER MAY NOT SERVE MORE THAN TWO CONSECUTIVE~~
7 ~~TERMS.~~

8 ~~(D) FROM AMONG ITS MEMBERS, THE BOARD ANNUALLY SHALL ELECT~~
9 ~~A CHAIR AND A VICE CHAIR.~~

10 ~~(E) THE BOARD SHALL MEET AT LEAST 6 TIMES A YEAR, AT PLACES AND~~
11 ~~DATES DETERMINED BY THE BOARD.~~

12 ~~(F) 5 MEMBERS OF THE BOARD SHALL CONSTITUTE A QUORUM, AND~~
13 ~~THE AFFIRMATIVE VOTE OF A MAJORITY OF THE QUORUM SHALL BE NECESSARY~~
14 ~~AND SUFFICIENT FOR ANY ACTION TAKEN BY THE BOARD.~~

15 ~~(G) MEETINGS OF THE BOARD ARE SUBJECT TO THE STATE OPEN~~
16 ~~MEETINGS LAW.~~

17 ~~15-1605.~~

18 ~~(A) THE BOARD SHALL APPOINT AN EXECUTIVE DIRECTOR TO~~
19 ~~SUPERVISE THE ADMINISTRATIVE AFFAIRS AND GENERAL MANAGEMENT AND~~
20 ~~OPERATIONS OF THE EXCHANGE.~~

21 ~~(B) THE EXECUTIVE DIRECTOR SHALL RECEIVE A SALARY~~
22 ~~COMMENSURATE WITH THE DUTIES OF THE POSITION.~~

23 ~~(C) THE EXECUTIVE DIRECTOR MAY HIRE OTHER EMPLOYEES AS~~
24 ~~NECESSARY FOR THE FUNCTIONING OF THE EXCHANGE.~~

25 ~~15-1606.~~

26 ~~(A) THE BOARD SHALL DEVELOP A PLAN OF OPERATION FOR THE~~
27 ~~EXCHANGE, INCLUDING:~~

1 ~~(1) PROCEDURES FOR THE OPERATION OF THE EXCHANGE;~~

2 ~~(2) PROCEDURES FOR SELECTING AND APPROVING HEALTH~~
3 ~~BENEFIT PLANS TO BE OFFERED THROUGH THE EXCHANGE;~~

4 ~~(3) A PLAN FOR PUBLICIZING THE EXISTENCE, ELIGIBILITY~~
5 ~~REQUIREMENTS, AND ENROLLMENT PROCEDURES OF THE EXCHANGE;~~

6 ~~(4) A STANDARD APPLICATION FORM FOR ELIGIBLE INDIVIDUALS~~
7 ~~AND SMALL EMPLOYERS;~~

8 ~~(5) PROCEDURES FOR DETERMINING ELIGIBILITY OF~~
9 ~~INDIVIDUALS AND SMALL EMPLOYERS FOR ENROLLMENT IN THE EXCHANGE;~~

10 ~~(6) PROCEDURES FOR ENROLLING ELIGIBLE INDIVIDUALS AND~~
11 ~~SMALL EMPLOYERS IN THE EXCHANGE;~~

12 ~~(7) A PLAN FOR OPERATING A HEALTH INSURANCE SERVICE~~
13 ~~CENTER TO PROVIDE ELIGIBLE INDIVIDUALS AND SMALL EMPLOYERS WITH~~
14 ~~INFORMATION ON THE EXCHANGE; AND~~

15 ~~(8) A SYSTEM FOR:~~

16 ~~(I) COLLECTING ALL PREMIUM PAYMENTS MADE BY, OR ON~~
17 ~~BEHALF OF, INDIVIDUALS OBTAINING HEALTH INSURANCE COVERAGE~~
18 ~~THROUGH THE EXCHANGE; AND~~

19 ~~(II) REMITTING PREMIUM PAYMENTS TO INSURANCE~~
20 ~~CARRIERS.~~

21 ~~(B) THE BOARD MAY:~~

22 ~~(1) ADOPT BY LAWS FOR THE REGULATION OF ITS AFFAIRS AND~~
23 ~~THE CONDUCT OF ITS BUSINESS;~~

24 ~~(2) ENTER INTO CONTRACTS WITH PUBLIC OR PRIVATE ENTITIES~~
25 ~~TO CARRY OUT THE DUTIES OF THE EXCHANGE UNDER THIS TITLE, INCLUDING~~
26 ~~CONTRACTS TO ADMINISTER APPLICATIONS, ELIGIBILITY VERIFICATION,~~
27 ~~ENROLLMENT, AND PREMIUM PAYMENTS FOR SPECIFIC GROUPS OR~~
28 ~~POPULATIONS;~~

1 ~~(3) TAKE ANY LEGAL ACTION NECESSARY OR PROPER ON BEHALF~~
2 ~~OF THE EXCHANGE;~~

3 ~~(4) HIRE OR CONTRACT WITH APPROPRIATE LEGAL, ACTUARIAL,~~
4 ~~AND OTHER ADVISORS TO PROVIDE TECHNICAL ASSISTANCE IN THE~~
5 ~~MANAGEMENT AND OPERATION OF THE EXCHANGE;~~

6 ~~(5) ESTABLISH AND EXECUTE A LINE OF CREDIT, AND ESTABLISH~~
7 ~~ONE OR MORE CASH AND INVESTMENT ACCOUNTS TO CARRY OUT THE DUTIES~~
8 ~~OF THE EXCHANGE;~~

9 ~~(6) ESTABLISH AND COLLECT FEES FROM ENROLLED~~
10 ~~INDIVIDUALS, ENROLLED SMALL EMPLOYERS, AND CARRIERS SUFFICIENT TO~~
11 ~~SUPPORT THE COSTS OF ADMINISTERING THE EXCHANGE;~~

12 ~~(7) APPLY FOR GRANTS FROM PUBLIC AND PRIVATE ENTITIES;~~
13 ~~AND~~

14 ~~(8) CONTRACT WITH SMALL EMPLOYERS TO ACT AS THE~~
15 ~~ADMINISTRATOR OF THE EMPLOYER'S EMPLOYER-SUBSIDIZED PLAN AND~~
16 ~~UNDERTAKE THE OBLIGATIONS REQUIRED OF THE ADMINISTRATOR FOR THE~~
17 ~~PARTICIPATING EMPLOYER-SUBSIDIZED PLAN.~~

18 ~~(C) THE ACCOUNTS OF THE EXCHANGE ARE NOT ACCOUNTS OF THE~~
19 ~~STATE, AND THE MONEY IN THE ACCOUNTS IS NOT PART OF THE GENERAL FUND~~
20 ~~OF THE STATE.~~

21 ~~(D) ALL DEBTS, CLAIMS, OBLIGATIONS, AND LIABILITIES OF THE~~
22 ~~EXCHANGE SHALL BE THE DEBTS, CLAIMS, OBLIGATIONS, AND LIABILITIES OF~~
23 ~~THE EXCHANGE ONLY AND NOT OF THE STATE OR THE AGENCIES,~~
24 ~~INSTRUMENTALITIES, OFFICERS, OR EMPLOYEES OF THE STATE.~~

25 ~~15-1607.~~

26 ~~(A) THE EXCHANGE SHALL OFFER HEALTH BENEFIT PLANS TO~~
27 ~~INDIVIDUALS AND SMALL EMPLOYERS BEGINNING JULY 1, 2008.~~

28 ~~(B) (1) THE EXCHANGE MAY ONLY OFFER HEALTH BENEFIT PLANS~~
29 ~~TO INDIVIDUALS AND SMALL EMPLOYERS.~~

1 ~~(2) TO PARTICIPATE IN THE EXCHANGE, INDIVIDUALS AND~~
2 ~~SMALL EMPLOYERS SHALL MEET THE REQUIREMENTS OF THIS SUBTITLE.~~

3 ~~(C) (1) THE EXCHANGE MAY ONLY OFFER TO ELIGIBLE INDIVIDUALS~~
4 ~~AND SMALL EMPLOYERS HEALTH BENEFIT PLANS APPROVED BY THE~~
5 ~~EXCHANGE.~~

6 ~~(2) THE EXCHANGE SHALL ESTABLISH STANDARDS FOR~~
7 ~~APPROVAL OF HEALTH BENEFIT PLANS TO BE OFFERED THROUGH THE~~
8 ~~EXCHANGE.~~

9 ~~(3) THE STANDARDS SHALL INCLUDE VERIFICATION THAT THE~~
10 ~~HEALTH BENEFIT PLAN:~~

11 ~~(I) HAS BEEN AUTHORIZED BY THE COMMISSIONER AND~~
12 ~~UNDERWRITTEN BY A CARRIER;~~

13 ~~(II) OFFERS HIGH QUALITY SERVICES; AND~~

14 ~~(III) PROVIDES GOOD VALUE.~~

15 ~~(D) EACH HEALTH BENEFIT PLAN OFFERED THROUGH THE EXCHANGE~~
16 ~~SHALL CONTAIN A DETAILED DESCRIPTION OF BENEFITS OFFERED, INCLUDING~~
17 ~~ANY LIMITATIONS, EXCLUSIONS, AND MAXIMUM BENEFITS.~~

18 ~~(E) IN ACCORDANCE WITH §§ 15-1212 AND 15-1309 OF THIS TITLE, A~~
19 ~~CARRIER SHALL RENEW A HEALTH BENEFIT PLAN OFFERED THROUGH THE~~
20 ~~EXCHANGE, AT THE OPTION OF THE SMALL EMPLOYER OR THE ELIGIBLE~~
21 ~~INDIVIDUAL.~~

22 ~~15-1608.~~

23 ~~(A) A SMALL EMPLOYER THAT SEEKS TO PARTICIPATE IN THE~~
24 ~~EXCHANGE SHALL, AS A CONDITION OF PARTICIPATION, ENTER INTO A BINDING~~
25 ~~AGREEMENT WITH THE EXCHANGE WHICH PROVIDES THAT THE SMALL~~
26 ~~EMPLOYER:~~

1 ~~(1) FOR THE TERM OF THE AGREEMENT, WILL NOT OFFER TO ITS~~
2 ~~EMPLOYEES ANY HEALTH BENEFIT PLAN SEPARATE FROM OR COMPETING~~
3 ~~WITH THE HEALTH BENEFIT PLANS OFFERED THROUGH THE EXCHANGE;~~

4 ~~(2) RESERVES THE RIGHT TO DETERMINE, SUBJECT TO~~
5 ~~APPLICABLE LAW;~~

6 ~~(I) THE CRITERIA FOR ELIGIBILITY, ENROLLMENT, AND~~
7 ~~PARTICIPATION IN THE EXCHANGE; AND~~

8 ~~(II) THE AMOUNTS OF THE EMPLOYER CONTRIBUTION, IF~~
9 ~~ANY, TO A HEALTH BENEFIT PLAN OFFERED THROUGH THE EXCHANGE;~~

10 ~~(3) WILL PARTICIPATE IN A PAYROLL DEDUCTION PROGRAM TO~~
11 ~~FACILITATE THE PAYMENT OF HEALTH BENEFIT PLAN PREMIUM~~
12 ~~CONTRIBUTIONS BY EMPLOYEES UNDER 26 U.S.C. 104, 105, 106, AND 125; AND~~

13 ~~(4) AGREES TO MAKE AVAILABLE, IN A TIMELY MANNER, FOR~~
14 ~~CONFIDENTIAL REVIEW BY THE AUTHORITY, ANY OF THE SMALL EMPLOYER'S~~
15 ~~DOCUMENTS, RECORDS, OR INFORMATION THAT THE AUTHORITY REASONABLY~~
16 ~~DETERMINES IS NECESSARY FOR THE AUTHORITY TO;~~

17 ~~(I) VERIFY THAT THE SMALL EMPLOYER IS IN COMPLIANCE~~
18 ~~WITH APPLICABLE FEDERAL AND STATE LAWS RELATING TO~~
19 ~~EMPLOYER SPONSORED PLANS; AND~~

20 ~~(II) VERIFY THE ELIGIBILITY FOR THE EXCHANGE OF~~
21 ~~INDIVIDUALS ENROLLED IN THE SMALL EMPLOYER'S EMPLOYER SPONSORED~~
22 ~~PLAN.~~

23 ~~(B) ALL OF THE REQUIREMENTS UNDER SUBTITLE 12 OF THIS TITLE~~
24 ~~SHALL APPLY TO INSURANCE PURCHASED BY A SMALL EMPLOYER THROUGH~~
25 ~~THE EXCHANGE.~~

26 ~~15-1609.~~

27 ~~(A) AN INDIVIDUAL MAY ONLY PURCHASE A NON-GROUP PLAN~~
28 ~~THROUGH THE EXCHANGE IF THE INDIVIDUAL:~~

29 ~~(1) IS A RESIDENT OF THE STATE;~~

1 ~~(2) IS NOT A MEDICARE BENEFICIARY; AND~~

2 ~~(3) AGREES TO MEET THE REQUIREMENTS, INCLUDING~~
3 ~~REQUIREMENTS FOR MAKING PREMIUM PAYMENTS, ESTABLISHED BY THE~~
4 ~~EXCHANGE.~~

5 ~~(B) ALL OF THE REQUIREMENTS OF THIS TITLE PERTAINING TO~~
6 ~~NON-GROUP PLANS SHALL APPLY TO INSURANCE PURCHASED BY AN~~
7 ~~INDIVIDUAL THROUGH THE EXCHANGE.~~

8 ~~15-1610.~~

9 ~~WHEN AN INDIVIDUAL OR SMALL EMPLOYER IS ENROLLED IN THE~~
10 ~~EXCHANGE BY A PRODUCER LICENSED IN THE STATE, THE HEALTH BENEFIT~~
11 ~~PLAN CHOSEN BY THE INDIVIDUAL OR SMALL EMPLOYER SHALL PAY THE~~
12 ~~PRODUCER A COMMISSION THAT SHALL BE DETERMINED BY THE BOARD.~~

13 ~~15-1611.~~

14 ~~THE BOARD MAY APPLY A SURCHARGE TO ALL HEALTH BENEFIT PLANS~~
15 ~~APPROVED TO BE OFFERED THROUGH THE EXCHANGE TO BE USED ONLY FOR~~
16 ~~THE PURPOSE OF SUPPORTING THE EXPENSES OF ADMINISTERING AND~~
17 ~~OPERATING THE EXCHANGE.~~

18 ~~15-1612.~~

19 ~~THE BOARD MAY ADOPT REGULATIONS IN ACCORDANCE WITH THE~~
20 ~~ADMINISTRATIVE PROCEDURE ACT TO CARRY OUT THE REQUIREMENTS OF~~
21 ~~THIS SUBTITLE.~~

22 ~~15-1613.~~

23 ~~ON OR BEFORE JANUARY 1, 2008, AND ON OR BEFORE JANUARY 1 OF~~
24 ~~EACH SUBSEQUENT YEAR, THE BOARD SHALL REPORT ON ITS ACTIVITIES FOR~~
25 ~~THE PRIOR FISCAL YEAR TO THE GOVERNOR AND, IN ACCORDANCE WITH~~
26 ~~§ 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.~~

27 ~~15-1614.~~

1 ~~(A) (1) THE ACCOUNTS OF THE EXCHANGE SHALL BE AUDITED~~
2 ~~ANNUALLY.~~

3 ~~(2) THE AUDITS SHALL BE CONDUCTED IN ACCORDANCE WITH~~
4 ~~GENERALLY ACCEPTED AUDITING STANDARDS BY INDEPENDENT CERTIFIED~~
5 ~~PUBLIC ACCOUNTANTS.~~

6 ~~(3) A REPORT OF THE ANNUAL AUDIT SHALL BE FILED WITH THE~~
7 ~~GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE,~~
8 ~~THE GENERAL ASSEMBLY AND SHALL BE AVAILABLE FOR PUBLIC INSPECTION~~
9 ~~DURING BUSINESS HOURS AT THE PRINCIPAL OFFICE OF THE EXCHANGE.~~

10 ~~(B) (1) IN ADDITION TO THE ANNUAL AUDIT REQUIRED BY~~
11 ~~SUBSECTION (A) OF THIS SECTION, THE FINANCIAL TRANSACTIONS OF THE~~
12 ~~EXCHANGE MAY BE AUDITED BY THE LEGISLATIVE AUDITOR.~~

13 ~~(2) (I) THE LEGISLATIVE AUDITOR SHALL HAVE ACCESS TO~~
14 ~~ALL BOOKS, ACCOUNTS, FINANCIAL RECORDS, REPORTS, FILES, AND OTHER~~
15 ~~PAPERS OR PROPERTY BELONGING TO OR IN USE BY THE EXCHANGE AND~~
16 ~~NECESSARY TO FACILITATE THE AUDIT.~~

17 ~~(II) FULL FACILITIES FOR VERIFYING TRANSACTIONS WITH~~
18 ~~THE BALANCES AND SECURITIES HELD BY DEPOSITORIES, FISCAL AGENTS, AND~~
19 ~~CUSTODIANS SHALL BE AVAILABLE TO THE AUDITOR.~~

20 ~~(III) ALL BOOKS, ACCOUNTS, FINANCIAL RECORDS,~~
21 ~~REPORTS, FILES, AND OTHER PAPERS OR PROPERTY OF THE EXCHANGE SHALL~~
22 ~~REMAIN IN THE POSSESSION AND CUSTODY OF THE EXCHANGE FOR A PERIOD~~
23 ~~OF 3 YEARS, BUT THE LEGISLATIVE AUDITOR MAY REQUIRE A LONGER PERIOD~~
24 ~~OF RETENTION.~~

25 ~~Article Labor and Employment~~

26 ~~TITLE 12. CAFETERIA PLAN.~~

27 ~~12-101.~~

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

1 (III) A HEALTH MAINTENANCE ORGANIZATION.

2 ~~(3) "CONTINUOUS COVERAGE" MEANS COVERAGE FOR A CHILD~~
 3 ~~UNDER ONE OR MORE OF A PARENT'S HEALTH BENEFIT PLANS WITHOUT A~~
 4 ~~BREAK IN COVERAGE THAT EXCEEDS 63 DAYS.~~

5 ~~(4) (i) "HEALTH BENEFIT PLAN" MEANS:~~

6 ~~1. A HOSPITAL OR MEDICAL POLICY, CONTRACT, OR~~
 7 ~~CERTIFICATE, INCLUDING THOSE ISSUED UNDER MULTIPLE EMPLOYER TRUSTS~~
 8 ~~OR ASSOCIATIONS;~~

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

11 ~~3. A HEALTH MAINTENANCE ORGANIZATION~~
 12 ~~CONTRACT.~~

13 ~~(ii) "HEALTH BENEFIT PLAN" DOES NOT INCLUDE:~~

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

15 (i) IS:

16 1. THE NATURAL CHILD, STEPCHILD, ADOPTED
 17 CHILD, OR GRANDCHILD OF THE INSURED;

18 2. A CHILD PLACED WITH THE INSURED FOR LEGAL
 19 ADOPTION; OR

20 3. A CHILD WHO IS ENTITLED TO DEPENDENT
 21 COVERAGE UNDER § 15-403.1 OF THIS ARTICLE;

22 (ii) IS A DEPENDENT OF THE INSURED AS THAT TERM IS
 23 USED IN 26 U.S.C. §§ 104, 105, AND 106, AND ANY REGULATIONS ADOPTED
 24 UNDER THOSE SECTIONS;

25 (iii) IS UNMARRIED; AND

1 (IV) IS UNDER THE AGE OF 25 YEARS.

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

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

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

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

9 (2) NOTWITHSTANDING PARAGRAPH (1) OF THIS SECTION, THIS
 10 SECTION DOES NOT APPLY TO:

11 ~~1~~ (I) A CONTRACT COVERING ONE OR MORE, OR
 12 ANY COMBINATION OF THE FOLLOWING:

13 ~~A~~ 1. COVERAGE ONLY FOR LOSS CAUSED BY AN
 14 ACCIDENT;

15 ~~B~~ 2. DISABILITY COVERAGE;

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

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

18 ~~2~~ (II) THE FOLLOWING BENEFITS IF THEY ARE
 19 PROVIDED UNDER A SEPARATE CONTRACT:

20 ~~A~~ 1. DENTAL COVERAGE;

21 ~~B~~ 2. VISION COVERAGE;

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

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

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

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

8 ~~(C) THE CONTINUATION OF COVERAGE PROVIDED IN SUBSECTION (B)~~
9 ~~OF THIS SECTION SHALL END ON THE EARLIER OF:~~

10 ~~(1) THE END OF THE MONTH IN WHICH THE CHILD ATTAINS AGE~~
11 ~~25;~~

12 ~~(2) THE DATE ON WHICH THE CHILD ACCEPTS COVERAGE UNDER~~
13 ~~ANOTHER INDIVIDUAL HEALTH BENEFIT PLAN;~~

14 ~~(3) THE DATE ON WHICH THE CHILD BECOMES ELIGIBLE FOR~~
15 ~~COVERAGE UNDER AN EMPLOYER SPONSORED HEALTH BENEFIT PLAN AS~~
16 ~~OTHER THAN A DEPENDENT CHILD;~~

17 ~~(4) THE DATE ON WHICH THE PARENT ELECTS TO TERMINATE~~
18 ~~COVERAGE FOR THE CHILD UNDER THE PARENT'S HEALTH BENEFIT PLAN; OR~~

19 ~~(5) THE DATE ON WHICH THE PARENT TERMINATES COVERAGE.~~

20 ~~(D) THE CONTINUATION RIGHT PROVIDED UNDER THIS SECTION MAY~~
21 ~~NOT BE USED TO TERMINATE COVERAGE FOR AN INCAPACITATED CHILD AS~~
22 ~~PROVIDED UNDER § 15-402 OF THIS SUBTITLE.~~

23 ~~(C) EACH POLICY OR CONTRACT SUBJECT TO THIS SECTION THAT~~
24 ~~PROVIDES COVERAGE FOR DEPENDENTS:~~

25 ~~(1) SHALL INCLUDE COVERAGE FOR A CHILD DEPENDENT;~~

26 ~~(2) SHALL PROVIDE THE SAME HEALTH INSURANCE BENEFITS TO~~
27 ~~A CHILD DEPENDENT THAT ARE AVAILABLE TO ANY OTHER COVERED~~
28 ~~DEPENDENT; AND~~

1 (IV) NUTRITION EDUCATION; AND

2 (V) AUTOMOBILE AND MOTORCYCLE SAFETY.

3 15–1205.

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

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

9 (i) age; and

10 (ii) geography based on the following contiguous areas of the
11 State:

12 1. the Baltimore metropolitan area;

13 2. the District of Columbia metropolitan area;

14 3. Western Maryland; and

15 4. Eastern and Southern Maryland.

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

18 ~~(4) A CARRIER MAY OFFER A DISCOUNTED RATE FOR~~
19 ~~PARTICIPATION IN WELLNESS ACTIVITIES.~~

20 (4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,
21 AFTER APPLYING THE RISK ADJUSTMENT FACTORS UNDER PARAGRAPH (2) OF
22 THIS SUBSECTION, A CARRIER MAY OFFER A DISCOUNT NOT TO EXCEED 20% TO
23 A SMALL EMPLOYER FOR PARTICIPATION IN A WELLNESS PROGRAM.

24 (II) A DISCOUNT OFFERED UNDER SUBPARAGRAPH (I) OF
25 THIS PARAGRAPH SHALL BE:

26 1. APPLIED TO REDUCE THE RATE OTHERWISE
27 PAYABLE BY THE SMALL EMPLOYER;

1 (i) ~~“Plan” means the Maryland Health Insurance Plan.~~

2 (j) ~~“Plan of operation” means the articles, bylaws, and operating rules and~~
3 ~~procedures adopted by the Board in accordance with § 14-503 of this subtitle.~~

4 ~~14-502.~~

5 (a) ~~There is a Maryland Health Insurance Plan **WITHIN THE MARYLAND**~~
6 ~~**HEALTH INSURANCE EXCHANGE.**~~

7 (b) ~~[The Plan is an independent unit that operates within the~~
8 ~~Administration.~~

9 (c)] ~~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].~~

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

16 ~~14-503.~~

17 (a) ~~[There is a Board for the Plan.~~

18 (b)] ~~The Plan shall operate subject to the supervision and control of the~~
19 ~~Board.~~

20 [(c) ~~The Board consists of nine members, of whom:~~

21 (1) ~~one shall be the Commissioner;~~

22 (2) ~~one shall be the Executive Director of the Maryland Health Care~~
23 ~~Commission;~~

24 (3) ~~one shall be the Executive Director of the Health Services Cost~~
25 ~~Review Commission;~~

26 (4) ~~one shall be the Secretary of the Department of Budget and~~
27 ~~Management;~~

1 ~~(5) two shall be appointed by the Director of the Health, Education,~~
2 ~~and Advocacy Unit in the Office of the Attorney General in accordance with subsection~~
3 ~~(d) of this section;~~

4 ~~(6) one shall be appointed by the Commissioner to represent carriers~~
5 ~~operating in the State;~~

6 ~~(7) one shall be appointed by the Commissioner to represent insurance~~
7 ~~producers selling insurance in the State; and~~

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

10 ~~(d) (1) (i) Each Board member appointed under subsection (e)(5) of~~
11 ~~this section shall be a consumer who does not have a substantial financial interest in a~~
12 ~~person regulated under this article or under Title 19, Subtitle 7 of the Health~~
13 ~~General Article.~~

14 ~~(ii) One of the Board members appointed under subsection (e)(5)~~
15 ~~of this section shall be a member of a racial minority.~~

16 ~~(2) The term of an appointed member is 4 years.~~

17 ~~(3) At the end of a term, an appointed member continues to serve until~~
18 ~~a successor is appointed and qualifies.~~

19 ~~(4) An appointed member who is appointed after a term has begun~~
20 ~~serves only for the rest of the term and until a successor is appointed and qualifies.~~

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

23 ~~(f)(B)(1) The Board shall appoint an Executive Director who shall be the~~
24 ~~chief administrative officer of the Plan.~~

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

26 ~~(3) The Board shall determine the appropriate compensation for the~~
27 ~~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 ~~[(g) The Board is not subject to:~~

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

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

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

9 ~~(h)](C)(1) The Board shall adopt a plan of operation for the Plan.~~

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

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

15 ~~[(j)](E)(1) The Board shall adopt regulations necessary to operate and~~
16 ~~administer the Plan.~~

17 ~~(2) Regulations adopted by the Board may include:~~

18 ~~(i) residency requirements for Plan enrollees;~~

19 ~~(ii) Plan enrollment procedures; and~~

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

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

25 ~~(l)](F) [For those members enrolled in the Plan whose eligibility in the~~
26 ~~Plan is subject to the requirements of the federal tax credit for health insurance costs~~
27 ~~under Section 35 of the Internal Revenue Code, the Board shall report on or before~~
28 ~~December 1, 2003, and annually thereafter, to the Governor, and subject to § 2-1246 of~~

~~the State Government Article, to the General Assembly on the number of members enrolled in the Plan and the costs to the Plan associated with providing insurance to those members.] THE BOARD SHALL REPORT ON OR BEFORE DECEMBER 1, 2008, AND ANNUALLY THEREAFTER, TO THE GOVERNOR, AND SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON THE ENROLLMENT, COSTS, AND ACTIVITIES OF THE PLAN.~~

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

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

(b) The plan shall include:

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

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

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

(4) identification of information technology and advanced telecommunication technology that supports care management, including the use of telemedicine and telehealth services in rural and underserved populations;

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

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

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

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

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

1 (a) The Department of Budget and Management and the Department of
2 Health and Mental Hygiene, within currently budgeted resources, shall jointly develop
3 a wellness incentive pilot program for State employees.

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

7 (c) The program shall:

8 (1) provide incentives for activities such as smoking cessation, injury
9 and accident prevention, reduction of drug and alcohol misuse, appropriate weight
10 reduction, exercise, automobile and motorcycle safety, blood cholesterol reduction, and
11 nutrition education; and

12 (2) include performance measures, including savings in health care
13 costs.

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

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

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

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

23 (b) The study shall include:

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

25 (2) the target population for an exchange;

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

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

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

3 (6) incentives for employers and individuals to participate in an
4 exchange;

5 (7) the impact of an exchange on:

6 (i) the State's existing health insurance markets;

7 (ii) the cost of health coverage in the State to consumers of
8 health coverage; and

9 (iii) access to health coverage in the State;

10 (8) the role of an exchange in increasing consumer participation and
11 choice in purchasing health coverage;

12 (9) the need to restructure the State's existing health insurance
13 markets, including combining the individual and small group markets, to achieve the
14 goal of making health insurance more affordable;

15 (10) the relationship between an exchange and insurance producers,
16 including the services currently provided by licensed health insurance producers in
17 connection with the sale and service of health insurance;

18 (11) mechanisms for State oversight;

19 (12) the costs of initiating and maintaining an exchange;

20 (13) whether participation in an exchange should be mandatory or
21 voluntary;

22 (14) the relationship of the Consumer Education and Advocacy
23 Program established under Title 2, Subtitle 3 of the Insurance Article to an exchange,
24 including the need to expand the Program to provide additional information to
25 consumers regarding health insurance; and

26 (15) any lessons learned from experience in Massachusetts with an
27 exchange.

28 (c) In conducting the study, the Commission shall solicit oral and written
29 comments, data, and other information from all interested parties.

1 (d) On or before October 1, 2007, the Commission shall submit an interim
2 report on the results of the study to the Task Force on Expanding Access to Affordable
3 Health Care.

4 (e) On or before January 1, 2008, the Commission shall report on the results
5 of its study, in accordance with § 2-1246 of the State Government Article, to the
6 Senate Finance Committee and the House Health and Government Operations
7 Committee.

8 SECTION 6. AND BE IT FURTHER ENACTED, That the Maryland Health
9 Care Commission and the Health Services Cost Review Commission shall collaborate
10 in seeking a proposal or proposals leading to the establishment of:

- 11 (1) a regional health information exchange, to include:
- 12 (i) the design and development of the technical architecture;
- 13 (ii) the implementation of a pilot project or projects; and
- 14 (iii) the identification of a sustainable and expandable business
15 model; and
- 16 (2) ~~a unique patient identifier for electronic medical records in the~~
17 State a method of unambiguously linking an individual's health information from
18 different sources, while protecting privacy.

19 SECTION 7. AND BE IT FURTHER ENACTED, That:

- 20 (a) There is a Task Force on Expanding Access to Affordable Health Care.
- 21 (b) The Task Force consists of the following 15 members:
- 22 (1) four members of the Senate, appointed by the President of the
23 Senate;
- 24 (2) four members of the House of Delegates, appointed by the Speaker
25 of the House;
- 26 (3) the Secretary of Health and Mental Hygiene;
- 27 (4) the Secretary of Budget and Management;

1 (5) one representative of the Maryland Health Care Commission,
2 appointed by the Secretary of Health and Mental Hygiene; and

3 (6) four individuals appointed by the Governor.

4 (c) The Secretary of Health and Mental Hygiene shall serve as Chair of the
5 Task Force.

6 (d) (1) The Department of Health and Mental Hygiene shall provide staff
7 for the Task Force.

8 (2) The Maryland Health Care Commission, the Maryland Insurance
9 Administration, and the Health Services Cost Review Commission shall provide
10 additional staff and technical assistance to the Task Force.

11 (e) A member of the Task Force may not receive compensation but is entitled
12 to reimbursement for expenses under the Standard State Travel Regulations, as
13 provided in the State budget.

14 (f) The Task Force shall study and make recommendations regarding
15 expanding access to health insurance and reducing the amount of uncompensated care
16 in the State, including:

17 (1) expanding Medicaid coverage for parents of Medicaid and
18 Maryland Children's Health Program-eligible children, above the current level of 42%
19 of federal poverty guidelines;

20 (2) expanding Medicaid to cover childless adults;

21 (3) providing premium assistance to individuals below a certain level
22 of the federal poverty guidelines to assist in the purchase of health insurance;

23 (4) providing incentives to small businesses to offer health insurance
24 coverage for employees;

25 (5) developing a cost-effective reinsurance fund;

26 (6) imposing requirements on individuals in families above a certain
27 level of the federal poverty guidelines to purchase health insurance; and

28 (7) implementing a chronic care management program, ~~and~~

1 ~~(8) implementing a health insurance exchange, including the legal,~~
2 ~~logistical, and tax implications for such an approach to distributing health coverage to~~
3 ~~individuals and groups.~~

4 (g) In making its recommendations, the Task Force shall:

5 (1) consider initiatives used in other states to reduce the number of
6 uninsured individuals;

7 (2) solicit testimony, data, and other information from all interested
8 parties on issues to be studied by the Task Force;

9 (3) provide an estimate of the number of additional individuals that
10 could be insured through each initiative, and an estimated cost for pursuing the
11 initiative;

12 (4) evaluate alternatives for phasing-in some of the initiatives; and

13 (5) evaluate potential funding sources for recommended initiatives,
14 including:

15 (i) federal funds;

16 (ii) State funds that can be reallocated from existing State and
17 federal programs that would no longer be necessary if one or more new initiatives were
18 implemented;

19 (iii) savings from reducing the amount of uncompensated care
20 that must be provided in the State; and

21 (iv) any other source of funds.

22 (h) The Task Force shall report its findings and recommendations to the
23 Governor and, subject to § 2-1246 of the State Government Article, to the General
24 Assembly, by December 31, 2007.

25 SECTION 8. AND BE IT FURTHER ENACTED, That:

26 (a) On or before December 1, 2007, the Department of Health and Mental
27 Hygiene shall submit a report to the Governor and, in accordance with § 2-1246 of the
28 State Government Article, to the General Assembly, on the progress made in updating
29 the computer eligibility system used for the Maryland Medical Assistance Program,

1 including securing funding from the Centers for Medicare and Medicaid Services and
2 issuing a request for proposals for the purchase and implementation of the system.

3 (b) (1) The Department of Health and Mental Hygiene, in conjunction
4 with the Department of Human Resources, shall conduct a needs assessment to
5 determine the number of additional caseworkers needed to enroll current applicants
6 into the Maryland Medical Assistance Program in a timely manner and the number of
7 caseworkers needed if the Program is expanded.

8 (2) (i) On or before December 1, 2007, the Department of Health
9 and Mental Hygiene shall report on the needs assessment to the House Health and
10 Government Operations Committee and the Senate Finance Committee, in accordance
11 with § 2-1246 of the State Government Article.

12 (ii) The report shall include the protocol of the Departments for
13 training all caseworkers on the eligibility process and new federal and State rules.

14 SECTION 9. AND BE IT FURTHER ENACTED, That:

15 (a) During the 2007 interim, the Joint Committee on Health Care Delivery
16 and Financing shall study:

17 (1) the interaction of Medicaid policy and State budget issues, and
18 potential policy and budget issues that will need to be addressed if the Maryland
19 Medical Assistance Program is expanded; and

20 (2) policy and State budget issues affecting access to public mental
21 health system services, including issues identified by the Joint Committee on Access to
22 Mental Health Services.

23 (b) The Joint Committee on Health Care Delivery and Financing shall
24 include in its annual report to the General Assembly, due by January 1, 2008, a
25 summary of its findings resulting from the study required under this section.

26 SECTION 10. AND BE IT FURTHER ENACTED, That it is the intent of the
27 General Assembly that the Department of Health and Mental Hygiene, subject to the
28 limitations of the State budget, provide for increased education and outreach for all
29 children who are eligible for the Maryland Children's Health Program.

30 SECTION ~~8~~ 11. AND BE IT FURTHER ENACTED, That Section 2 of this Act
31 shall apply to all policies and contracts issued, delivered, or renewed in the State on or
32 after ~~October 1, 2007~~ January 1, 2008. Any policy or contract in effect before ~~October~~

1 ~~1, 2007~~ January 1, 2008, shall comply with the provisions of this Act no later than
 2 ~~October 1, 2008~~ January 1, 2009.

3 ~~SECTION 9. AND BE IT FURTHER ENACTED, That Section 4 shall take~~
 4 ~~effect July 1, 2008.~~

5 ~~SECTION 10. 12.~~ AND BE IT FURTHER ENACTED, That, ~~except as provided~~
 6 ~~in Section 9 of this Act~~, this Act shall take effect July 1, 2007. Section 7 of this Act
 7 shall remain effective for a period of 1 year and, at the end of June 30, 2008, with no
 8 further action required by the General Assembly, Section 7 of this Act shall be
 9 abrogated and of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.