

SENATE BILL 619

C3, J3

71r2031

By: **Senators Pipkin and Jacobs**

Introduced and read first time: February 2, 2007

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Low–Income Health Insurance Premium Support Fund**

3 FOR the purpose of establishing the Low–Income Health Insurance Premium Support
4 Fund; providing for the purpose of the Fund; requiring the Maryland Health
5 Care Commission to administer the Fund; providing that the Fund is a special,
6 nonlapsing fund; providing that certain interest and other income from the
7 Fund shall be accounted for and credited in a certain manner; establishing the
8 source of funds in the Fund; providing that subsidies from the Fund shall be
9 made in a certain manner to certain individuals in accordance with a certain
10 methodology established by the Commission; requiring the Commission to issue
11 a certain report to the General Assembly each year on or before a certain date;
12 requiring the Health Services Cost Review Commission to establish a certain
13 methodology; and generally relating to subsidies for health insurance
14 premiums.

15 BY adding to

16 Article – Health – General
17 Section 19–112
18 Annotated Code of Maryland
19 (2005 Replacement Volume and 2006 Supplement)

20 BY repealing

21 Article – Health – General
22 Section 19–214
23 Annotated Code of Maryland
24 (2005 Replacement Volume and 2006 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – Health – General
3 Section 19–214
4 Annotated Code of Maryland
5 (2005 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 **19–112.**

10 (A) IN THIS SECTION, “FUND” MEANS THE LOW-INCOME HEALTH
11 INSURANCE PREMIUM SUPPORT FUND.

12 (B) (1) THERE IS A LOW-INCOME HEALTH INSURANCE PREMIUM
13 SUPPORT FUND.

14 (2) THE PURPOSE OF THE FUND IS TO ASSIST LOW-INCOME
15 CITIZENS OF THE STATE IN PURCHASING HEALTH INSURANCE.

16 (3) THE COMMISSION SHALL ADMINISTER THE FUND.

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

19 (5) INTEREST ON AND OTHER INCOME FROM THE FUND SHALL BE
20 SEPARATELY ACCOUNTED FOR AND CREDITED TO THE FUND, AND ARE NOT
21 SUBJECT TO § 6–226(A) OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

22 (C) THE FUND CONSISTS OF MONEYS FROM HOSPITAL RATES, AS
23 PROVIDED IN § 19–214 OF THIS ARTICLE.

24 (D) (1) SUBSIDIES FROM THE FUND SHALL BE MADE IN ACCORDANCE
25 WITH A METHODOLOGY ESTABLISHED BY THE COMMISSION.

1 **(2) THE METHODOLOGY ESTABLISHED UNDER PARAGRAPH (1) OF**
2 **THIS SUBSECTION SHALL PROVIDE FOR GRANTING SUBSIDIES TO INDIVIDUALS**
3 **TO PURCHASE HEALTH INSURANCE IF THE INDIVIDUAL:**

4 **(I) HAS A FAMILY INCOME THAT FALLS BELOW 300**
5 **PERCENT OF FEDERAL POVERTY GUIDELINES; AND**

6 **(II) IS NOT ELIGIBLE FOR HEALTH BENEFITS THROUGH THE**
7 **MARYLAND MEDICAL ASSISTANCE PROGRAM.**

8 **(3) THE METHODOLOGY ESTABLISHED UNDER PARAGRAPH (1) OF**
9 **THIS SUBSECTION SHALL PROVIDE FOR SUBSIDIES TO INDIVIDUALS ON A**
10 **SLIDING SCALE BASED ON INCOME, WITH SUBSIDIES DECREASING AS INCOMES**
11 **RISE.**

12 **(E) ON OR BEFORE JANUARY 1 OF EACH YEAR, THE COMMISSION**
13 **SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246**
14 **OF THE STATE GOVERNMENT ARTICLE, ON:**

15 **(1) THE METHODOLOGY USED TO DISTRIBUTE SUBSIDIES FROM**
16 **THE FUND DURING THE PREVIOUS FISCAL YEAR;**

17 **(2) THE NUMBER OF INDIVIDUALS RECEIVING SUBSIDIES FROM**
18 **THE FUND IN THE PREVIOUS FISCAL YEAR AND THE AMOUNT OF SUBSIDY**
19 **RECEIVED; AND**

20 **(3) ANY RECOMMENDATIONS TO ALTER ADMINISTRATION OF THE**
21 **FUND, INCLUDING RECOMMENDATIONS TO MODIFY FUNDING.**

22 [19-214.

23 (a) The Commission shall assess the underlying causes of hospital
24 uncompensated care and make recommendations to the General Assembly on the most
25 appropriate alternatives to:

26 (1) Reduce uncompensated care; and

27 (2) Assure the integrity of the payment system.

1 (b) The Commission may adopt regulations establishing alternative methods
2 for financing the reasonable total costs of hospital uncompensated care provided that
3 the alternative methods:

4 (1) Are in the public interest;

5 (2) Will equitably distribute the reasonable costs of uncompensated
6 care;

7 (3) Will fairly determine the cost of reasonable uncompensated care
8 included in hospital rates;

9 (4) Will continue incentives for hospitals to adopt efficient and
10 effective credit and collection policies; and

11 (5) Will not result in significantly increasing costs to Medicare or the
12 loss of Maryland's Medicare Waiver under § 1814(b) of the Social Security Act.

13 (c) Any funds generated through hospital rates under an alternative method
14 adopted by the Commission in accordance with subsection (b) of this section may only
15 be used to finance the delivery of hospital uncompensated care.]

16 **19-214.**

17 **THE COMMISSION SHALL ESTABLISH A METHODOLOGY THAT:**

18 (1) **TAKES FUNDS PROVIDED IN HOSPITAL RATES FOR THE COST**
19 **OF UNCOMPENSATED CARE; AND**

20 (2) (I) **DISTRIBUTES 85 PERCENT OF THOSE FUNDS TO THE**
21 **LOW-INCOME HEALTH INSURANCE PREMIUM SUPPORT FUND ESTABLISHED**
22 **UNDER § 19-112 OF THIS TITLE; AND**

23 (II) **USES THE REMAINING 15 PERCENT OF FUNDS TO**
24 **ESTABLISH AN UNCOMPENSATED CARE FUND FOR HOSPITALS.**

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2007.