

# CHAPTER 613

**(House Bill 572)**

AN ACT concerning

## **Health Insurance – ~~Expansion of Coverage~~ Personal Responsibility – Study**

~~FOR the purpose of establishing a Health Insurance Premium Subsidy Program in the Department of Health and Mental Hygiene; establishing the purposes, eligibility requirements, and subsidy qualifications of the Program; specifying the responsibilities of the Department under the Program; establishing a Health Insurance Premium Subsidy Fund; establishing the sources and uses of funds in the Health Insurance Premium Subsidy Fund; requiring the State Treasurer to invest the money in the Fund in a certain manner; providing that any investment earnings of the Fund shall be retained to the credit of the Fund; requiring expenditures from the Fund to be made only in accordance with the State budget; providing that the Fund is subject to audit by the Office of Legislative Audits; imposing a surcharge on the income tax of certain individuals with income above a certain level; providing that the surcharge does not apply if certain individuals had certain health care coverage or did not reside in the State; providing for certain exceptions; requiring the revenues from the surcharge to be distributed to the Health Insurance Premium Subsidy Fund; requiring an employer to base withholding for certain employees on a certain number of exemptions under certain circumstances; requiring the Secretary of Health and Mental Hygiene, on or before a certain date, to develop and implement an Internet portal to provide coordinated access to health and human services programs and benefits; requiring the Internet portal to include certain elements; requiring the Secretary, on or before a certain date, to make a certain report; requiring the Comptroller to widely publicize the requirements of this Act for a certain purpose; defining certain terms; providing for the application of certain provisions of this Act; providing for a delayed effective date for certain provisions of this Act; and generally relating to expansion of health insurance coverage through a Health Insurance Premium Subsidy Program, an income tax surcharge, and an Internet portal.~~

~~FOR the purpose of requiring the Maryland Health Care Commission, in consultation with certain other State agencies, to study the issue of personal responsibility for obtaining health care coverage; requiring the study to include certain elements; requiring the Commission to report the results of its study, together~~

with any recommendations, to certain legislative committees; and generally relating to a study of personal responsibility for obtaining health care coverage.

~~BY adding to~~

~~Article Health General~~

~~Section 15-701 through 15-705 to be under the new subtitle "Subtitle 7. Health Insurance Premium Subsidy Program"; and Section 15-801 to be under the new subtitle "Subtitle 8. Internet Portal for Coordinated Access to Health and Human Services Programs and Benefits"~~

~~Annotated Code of Maryland~~

~~(2005 Replacement Volume and 2006 Supplement)~~

~~BY repealing and reenacting, with amendments,~~

~~Article Insurance~~

~~Section 15-1301(f)(1)~~

~~Annotated Code of Maryland~~

~~(2006 Replacement Volume and 2006 Supplement)~~

~~BY adding to~~

~~Article Tax General~~

~~Section 10-106.2~~

~~Annotated Code of Maryland~~

~~(2004 Replacement Volume and 2006 Supplement)~~

~~BY repealing and reenacting, with amendments,~~

~~Article Tax General~~

~~Section 10-910(b)~~

~~Annotated Code of Maryland~~

~~(2004 Replacement Volume and 2006 Supplement)~~

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

**~~Article Health General~~**

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

**~~15-701.~~**

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

~~(B) "FUND" MEANS THE HEALTH INSURANCE PREMIUM SUBSIDY FUND.~~

~~(C) "PROGRAM" MEANS THE HEALTH INSURANCE PREMIUM SUBSIDY PROGRAM.~~

~~15-702.~~

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

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

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

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

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

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

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

~~15-703.~~

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

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

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

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

~~(4) SHALL BE A RESIDENT OF THE STATE;~~

~~(5) SHALL AGREE TO PAY INSURANCE PREMIUMS AND ADHERE TO OTHER REQUIRED PROVISIONS OF A HEALTH INSURANCE POLICY, AND~~

~~(6) SHALL SATISFY ANY OTHER ELIGIBILITY REQUIREMENTS ESTABLISHED BY THE DEPARTMENT.~~

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

**15-704.**

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

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

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

~~(I) 50% OF THE PREMIUM FOR THE HEALTH INSURANCE POLICY; OR~~

~~(II) 1. \$150 FOR INDIVIDUAL COVERAGE; OR  
2. \$300 FOR INDIVIDUAL PLUS SPOUSE, INDIVIDUAL PLUS CHILDREN, OR FAMILY COVERAGE;~~

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

~~(I) 40% OF THE PREMIUM FOR THE HEALTH INSURANCE POLICY; OR~~

~~(II) 1. \$125 FOR INDIVIDUAL COVERAGE; OR  
2. \$250 FOR INDIVIDUAL PLUS SPOUSE, INDIVIDUAL PLUS CHILDREN, OR FAMILY COVERAGE;~~

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

~~(I) 30% OF THE PREMIUM FOR THE HEALTH INSURANCE POLICY; OR~~

~~(II) 1. \$100 FOR INDIVIDUAL COVERAGE; OR  
2. \$200 FOR INDIVIDUAL PLUS SPOUSE, INDIVIDUAL PLUS CHILDREN, OR FAMILY COVERAGE; AND~~

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

~~(I) 20% OF THE PREMIUM FOR THE HEALTH INSURANCE POLICY; OR~~

~~(II) 1. \$75 FOR INDIVIDUAL COVERAGE; OR  
2. \$150 FOR INDIVIDUAL PLUS SPOUSE, INDIVIDUAL PLUS CHILDREN, OR FAMILY COVERAGE.~~

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

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

- ~~(1) AN INDIVIDUAL HEALTH BENEFIT PLAN; OR~~
- ~~(2) A POLICY OR CONTRACT PROVIDED UNDER A CONTINUATION OF BENEFITS PROVISION.~~

~~15-705.~~

- ~~(A) THERE IS A HEALTH INSURANCE PREMIUM SUBSIDY FUND.~~
- ~~(B) THE PURPOSE OF THE FUND IS TO SUPPORT THE PROGRAM.~~
- ~~(C) THE DEPARTMENT SHALL ADMINISTER THE FUND.~~
- ~~(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.~~
- ~~(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.~~
- ~~(E) THE FUND CONSISTS OF:~~
  - ~~(1) REVENUE DISTRIBUTED TO THE FUND UNDER § 10-106.2 OF THE TAX GENERAL ARTICLE;~~
  - ~~(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;~~
  - ~~(3) INVESTMENT EARNINGS; AND~~
  - ~~(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.~~
- ~~(F) THE FUND MAY BE USED ONLY FOR:~~
  - ~~(1) HEALTH INSURANCE PREMIUM SUBSIDIES PROVIDED UNDER § 15-704 OF THIS SUBTITLE; AND~~

~~(2) THE DIRECT COSTS OF ADMINISTERING THE PROGRAM.~~

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

~~(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID INTO THE FUND.~~

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

~~(I) THE FUND IS SUBJECT TO AUDIT BY THE OFFICE OF LEGISLATIVE AUDITS.~~

#### Article - Insurance

~~15-1301.~~

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

- ~~(i) an employer sponsored plan;~~
- ~~(ii) a health benefit plan;~~
- ~~(iii) Part A or Part B of Title XVIII of the Social Security Act;~~
- ~~(iv) Title XIX OR TITLE XXI of the Social Security Act, other than coverage consisting solely of benefits under § 1928 of that Act;~~
- ~~(v) Chapter 55 of Title 10 of the United States Code;~~
- ~~(vi) a medical care program of the Indian Health Service or of a 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).~~

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

- ~~(i) FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR; AND~~
- ~~(ii) ON DECEMBER 31 OF THE TAXABLE YEAR.~~

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

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

~~(II) EQUALS:~~

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

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

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

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

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

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

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

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

~~(F) NOTWITHSTANDING § 2-609 OF THIS ARTICLE, AFTER DEDUCTING A REASONABLE AMOUNT FOR ADMINISTRATIVE COSTS, THE COMPTROLLER SHALL DISTRIBUTE THE REVENUES FROM THE SURCHARGE TO THE HEALTH~~

**~~INSURANCE PREMIUM SUBSIDY FUND ESTABLISHED IN § 15-705 OF THE  
HEALTH GENERAL ARTICLE.~~**

~~10-910.~~

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

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

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

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

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

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

~~(3) (i) IN THIS PARAGRAPH, "APPLICABLE POVERTY INCOME LEVEL", "HEALTH CARE COVERAGE", AND "POVERTY INCOME STANDARD" HAVE THE MEANINGS STATED IN § 10-106.2 OF THIS TITLE.~~

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

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

**Article Health General**

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

**15-801.**

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

**(B) THE INTERNET PORTAL SHALL INCLUDE:**

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

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

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

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

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

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

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

**(a) The Maryland Health Care Commission, in consultation with the Department of Health and Mental Hygiene, the Maryland Insurance Administration,**

the Health Services Cost Review Commission, and the Office of the Comptroller, shall study the issue of personal responsibility for obtaining health care coverage.

(b) The study shall address:

(1) the affordability of health insurance, particularly for individuals without employer-sponsored coverage;

(2) the need to subsidize health insurance for individuals with low income, *in other financially difficult situations*, or with health conditions that hinder the purchase of insurance in the commercial market;

(3) the use of incentives, such as a child and dependent care tax credit or an income tax surcharge, to encourage individuals to purchase health insurance, *and what the level of the incentives would have to be to result in the increased purchase of health insurance;*

(4) public and private strategies to educate individuals and employers about the importance of health coverage;

(5) whether individual responsibility should be accompanied by some form of employer responsibility;

(6) enforcement issues, including alternative approaches to the reporting and verification of health care coverage;

(7) potential reductions in inpatient and outpatient uncompensated care and government expenditures that may result from various personal responsibility provisions; and

(8) the need for religious exemptions from any proposed health care coverage requirement.

(c) On or before December 1, 2007, the Commission shall report the findings of its study, together with any recommendations, to the Governor and, in accordance with § 2-1246 of the State Government Article, the Senate Finance Committee and the House Health and Government Operations Committee.

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

**Approved by the Governor, May 17, 2007.**