

SENATE BILL 11

C3, Q3, R4

8lr4580

By: **Senator Brochin**

Introduced and read first time: October 29, 2007

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Required Coverage**

3 FOR the purpose of prohibiting certain health insurance carriers from issuing certain
4 health benefit plans in the State unless the carriers issue a certain health
5 benefit plan to certain individuals; requiring the plan to provide coverage for
6 certain benefits; establishing the maximum copayments for certain benefits
7 under the plan; establishing certain out-of-pocket maximums and deductibles
8 for the plan; prohibiting a carrier from limiting coverage under the plan for
9 certain conditions; prohibiting a carrier from rating the plan with regard to the
10 health status of an individual; imposing a certain surcharge on the income tax
11 of certain individuals with income above a certain level; providing that the
12 surcharge does not apply under certain circumstances; requiring the
13 Comptroller to provide for certain exceptions to the surcharge; authorizing a
14 taxpayer to file an amended return and claim a refund of the surcharge under
15 certain circumstances; requiring the Motor Vehicle Administration to require
16 every individual applying for renewal of a driver's license to demonstrate in a
17 certain manner whether the individual was subject to a certain income tax
18 surcharge; requiring the Administration to refuse to renew a driver's license
19 until an individual who is subject to the surcharge demonstrates proof in a
20 certain form of certain health care coverage; requiring the Administration to
21 adopt certain regulations; requiring the Comptroller and the Administration to
22 widely publicize the requirements of this Act for a certain purpose; providing
23 that certain provisions of this Act apply to health maintenance organizations;
24 defining certain terms; altering a certain definition; providing for the effective
25 dates of this Act; providing for the application of certain provisions of this Act;
26 and generally relating to required issue of individual health benefit plans and
27 required health care coverage.

28 BY adding to

29 Article – Health – General

30 Section 19-706 (ppp)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2005 Replacement Volume and 2007 Supplement)

3 BY adding to
4 Article – Insurance
5 Section 15–132
6 Annotated Code of Maryland
7 (2006 Replacement Volume and 2007 Supplement)

8 BY repealing and reenacting, without amendments,
9 Article – Insurance
10 Section 15–1301(d) and (k)
11 Annotated Code of Maryland
12 (2006 Replacement Volume and 2007 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Insurance
15 Section 15–1301(f)(1)
16 Annotated Code of Maryland
17 (2006 Replacement Volume and 2007 Supplement)

18 BY adding to
19 Article – Tax – General
20 Section 10–106.2
21 Annotated Code of Maryland
22 (2004 Replacement Volume and 2007 Supplement)

23 BY repealing and reenacting, with amendments,
24 Article – Transportation
25 Section 16–115
26 Annotated Code of Maryland
27 (2006 Replacement Volume and 2007 Supplement)

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

30 **Article – Health – General**

31 19–706.

32 **(PPP) THE PROVISIONS OF § 15–132 OF THE INSURANCE ARTICLE APPLY**
33 **TO HEALTH MAINTENANCE ORGANIZATIONS.**

34 **Article – Insurance**

35 **15–132.**

1 (V) OUTPATIENT PHYSICAL, SPEECH, AND OCCUPATIONAL
2 THERAPY; AND

3 (VI) OUTPATIENT SPINAL MANIPULATION;

4 (2) EMERGENCY CARE AND URGENT CARE;

5 (3) HOSPITALIZATION, INCLUDING THE USE OF INPATIENT
6 FACILITY AND PHYSICIAN SERVICES AND OUTPATIENT FACILITY AND PHYSICIAN
7 SERVICES;

8 (4) SERVICES RECEIVED THROUGH HOME HEALTH CARE,
9 HOSPICE, OR A SKILLED NURSING FACILITY;

10 (5) MATERNITY SERVICES;

11 (6) MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES;

12 (7) DURABLE MEDICAL EQUIPMENT AND TRANSPLANTS; AND

13 (8) FOR CHILDREN UNDER THE AGE OF 19 YEARS, HEARING AIDS,
14 LIMITED TO A MAXIMUM OF \$1,400 FOR ONE HEARING AID FOR EACH HEARING
15 IMPAIRED EAR EVERY 3 YEARS.

16 (E) AN INDIVIDUAL HEALTH BENEFIT PLAN ISSUED UNDER THIS
17 SECTION MAY PROVIDE FOR THE FOLLOWING COPAYMENTS TO BE PAID BY THE
18 POLICYHOLDER AFTER THE DEDUCTIBLE UNDER THE INDIVIDUAL HEALTH
19 BENEFIT PLAN HAS BEEN MET:

20 (1) FOR A VISIT TO A HOSPITAL EMERGENCY ROOM, \$100 PER
21 VISIT;

22 (2) FOR USE OF HOSPITAL INPATIENT FACILITY SERVICES, \$250
23 PER ADMISSION;

24 (3) FOR USE OF MATERNITY DELIVERY AND FACILITY SERVICES,
25 \$250 PER ADMISSION;

26 (4) FOR ARTIFICIAL INSEMINATION OR IN VITRO FERTILIZATION
27 PROCEDURES, 50% OF THE ALLOWED BENEFIT;

28 (5) FOR INPATIENT FACILITY SERVICES FOR MENTAL HEALTH OR
29 SUBSTANCE ABUSE TREATMENT, \$250 PER ADMISSION;

1 **(6) FOR OUTPATIENT SERVICES FOR MENTAL HEALTH OR**
2 **SUBSTANCE ABUSE TREATMENT:**

3 **(I) FOR THE FIRST FIVE VISITS, 20% OF THE ALLOWED**
4 **BENEFIT;**

5 **(II) FOR THE 6TH THROUGH 30TH VISIT, 35% OF THE**
6 **ALLOWED BENEFIT; AND**

7 **(III) FOR THE 31ST AND ANY SUBSEQUENT VISIT, 50% OF**
8 **THE ALLOWED BENEFIT; AND**

9 **(7) FOR DURABLE MEDICAL EQUIPMENT, 25% OF THE ALLOWED**
10 **BENEFIT, SUBJECT TO AN INDIVIDUAL HEALTH BENEFIT PLAN PAYMENT LIMIT**
11 **OF \$7,500 PER BENEFIT PERIOD.**

12 **(F) AN INDIVIDUAL HEALTH BENEFIT PLAN ISSUED UNDER THIS**
13 **SECTION MAY NOT HAVE A DEDUCTIBLE THAT EXCEEDS:**

14 **(1) FOR AN INDIVIDUAL, \$5,000; OR**

15 **(2) FOR AN INDIVIDUAL AND ANY ADDITIONAL ELIGIBLE**
16 **INDIVIDUALS COVERED UNDER THE INDIVIDUAL HEALTH BENEFIT PLAN,**
17 **\$10,000.**

18 **(G) AN INDIVIDUAL HEALTH BENEFIT PLAN ISSUED UNDER THIS**
19 **SECTION MAY NOT HAVE AN ANNUAL MAXIMUM FOR PAYMENTS MADE BY THE**
20 **INDIVIDUAL COVERED UNDER THE INDIVIDUAL HEALTH BENEFIT PLAN THAT**
21 **EXCEEDS:**

22 **(1) FOR AN INDIVIDUAL, \$5,250; OR**

23 **(2) FOR AN INDIVIDUAL AND ANY ADDITIONAL ELIGIBLE**
24 **INDIVIDUALS COVERED UNDER THE INDIVIDUAL HEALTH BENEFIT PLAN,**
25 **\$10,500.**

26 **(H) (1) A CARRIER MAY NOT LIMIT COVERAGE FOR A PREEXISTING**
27 **CONDITION UNDER AN INDIVIDUAL HEALTH BENEFIT PLAN ISSUED UNDER THIS**
28 **SECTION.**

29 **(2) AN EXCLUSION OF COVERAGE FOR PREEXISTING CONDITIONS**
30 **MAY NOT BE APPLIED TO HEALTH CARE SERVICES FURNISHED FOR PREGNANCY**
31 **OR NEWBORNS.**

1 **(I) A CARRIER MAY NOT RATE AN INDIVIDUAL HEALTH BENEFIT PLAN**
2 **ISSUED UNDER THIS SECTION WITH REGARD TO THE HEALTH STATUS OF AN**
3 **INDIVIDUAL.**

4 15–1301.

5 (d) “Carrier” means a person that is:

6 (1) an insurer that holds a certificate of authority in the State and
7 provides health insurance in the State;

8 (2) a health maintenance organization that is licensed to operate in
9 the State;

10 (3) a nonprofit health service plan that is licensed to operate in the
11 State; or

12 (4) any other person or organization that provides health benefit plans
13 subject to State insurance regulation.

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

15 (i) an employer sponsored plan;

16 (ii) a health benefit plan;

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

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

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

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

23 (vii) a State health benefits risk pool;

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

26 (ix) a public health plan as defined by federal regulations
27 authorized by the Public Health Service Act, § 2701(c)(1)(i), as amended by P.L.
28 104–191; or

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

1 (k) (1) “Health benefit plan” means a:

2 (i) hospital or medical policy or certificate, including those
3 issued under multiple employer trusts or associations located in Maryland or any
4 other state covering Maryland residents;

5 (ii) policy, contract, or certificate issued by a nonprofit health
6 service plan that covers Maryland residents; or

7 (iii) health maintenance organization subscriber or group master
8 contract.

9 (2) “Health benefit plan” does not include:

10 (i) one or more, or any combination of the following:

11 1. coverage only for accident or disability income
12 insurance;

13 2. coverage issued as a supplement to liability
14 insurance;

15 3. liability insurance, including general liability
16 insurance and automobile liability insurance;

17 4. workers’ compensation or similar insurance;

18 5. automobile medical payment insurance;

19 6. credit-only insurance;

20 7. coverage for on-site medical clinics; and

21 8. other similar insurance coverage, specified in federal
22 regulations issued pursuant to P.L. 104-191, under which benefits for medical care are
23 secondary or incidental to other insurance benefits;

24 (ii) the following benefits if they are provided under a separate
25 policy, certificate, or contract of insurance or are otherwise not an integral part of a
26 plan:

27 1. limited scope dental or vision benefits;

28 2. benefits for long-term care, nursing home care, home
29 health care, community-based care, or any combination of these benefits; and

1 3. such other similar, limited benefits as are specified in
2 federal regulations issued pursuant to P.L. 104-191;

3 (iii) the following benefits if offered as independent,
4 noncoordinated benefits:

5 1. coverage only for a specified disease or illness; and

6 2. hospital indemnity or other fixed indemnity
7 insurance; or

8 (iv) the following benefits if offered as a separate insurance
9 policy:

10 1. Medicare supplemental health insurance (as defined
11 under § 1882(g)(1) of the Social Security Act);

12 2. coverage supplemental to the coverage provided under
13 Chapter 55 of Title 10, United States Code; and

14 3. similar supplemental coverage provided to coverage
15 under an employer sponsored plan.

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

18 **Article - Tax - General**

19 **10-106.2.**

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

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

26 (3) “HEALTH CARE COVERAGE” MEANS CREDITABLE COVERAGE
27 AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE, THAT PROVIDES
28 BENEFITS THAT ARE AT LEAST EQUIVALENT TO THE BENEFITS PROVIDED
29 UNDER THE INDIVIDUAL HEALTH BENEFIT PLAN REQUIRED UNDER § 15-132 OF
30 THE INSURANCE ARTICLE.

31 (4) “POVERTY INCOME STANDARD” MEANS THE MOST RECENT
32 POVERTY INCOME GUIDELINES PUBLISHED BY THE UNITED STATES

1 **DEPARTMENT OF HEALTH AND HUMAN SERVICES, AVAILABLE AS OF JULY 1 OF**
2 **THE TAXABLE YEAR.**

3 **(B) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION**
4 **AND SUBSECTIONS (C), (D), AND (F) OF THIS SECTION, IN ADDITION TO THE**
5 **STATE INCOME TAX UNDER § 10-105(A) OF THIS SUBTITLE, IF THE FEDERAL**
6 **ADJUSTED GROSS INCOME OF AN INDIVIDUAL EXCEEDS 400% OF THE**
7 **APPLICABLE POVERTY INCOME LEVEL, THE INDIVIDUAL IS SUBJECT TO A**
8 **SURCHARGE OF \$1,000, UNLESS THE INDIVIDUAL AND EACH DEPENDENT CHILD**
9 **OF THE INDIVIDUAL HAD HEALTH CARE COVERAGE:**

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

11 **(II) ON DECEMBER 31 OF THE TAXABLE YEAR.**

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

14 **(I) IS IMPOSED IF THE JOINT FEDERAL ADJUSTED GROSS**
15 **INCOME OF THE MARRIED COUPLE EXCEEDS 400% OF THE APPLICABLE**
16 **POVERTY INCOME LEVEL; AND**

17 **(II) EQUALS:**

18 **1. \$2,000 UNLESS AT LEAST ONE SPOUSE AND EACH**
19 **DEPENDENT CHILD OF THE MARRIED COUPLE HAD HEALTH CARE COVERAGE;**
20 **OR**

21 **2. \$1,000 IF EACH DEPENDENT CHILD OF THE**
22 **MARRIED COUPLE AND EITHER THE HUSBAND OR WIFE, BUT NOT BOTH, HAD**
23 **HEALTH CARE COVERAGE.**

24 **(3) (I) THE SURCHARGE SHALL BE TAKEN OUT OF ANY STATE**
25 **INCOME TAX REFUND THAT THE TAXPAYER OTHERWISE WOULD BE ENTITLED TO**
26 **RECEIVE.**

27 **(II) THE AMOUNT OF THE SURCHARGE FOR A TAXPAYER**
28 **MAY NOT EXCEED THE AMOUNT OF ANY REFUND OF STATE INCOME TAX THE**
29 **TAXPAYER WOULD OTHERWISE BE ENTITLED TO RECEIVE IN THE TAXABLE**
30 **YEAR.**

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

1 (b) At least 60 days before a license expires, the Administration shall mail to
2 each licensee, at the last address of the licensee shown in the records of the
3 Administration, notice of the date on which the license will expire.

4 (c) The Administration may renew a license within 1 year after the
5 expiration date without requiring a driving test.

6 (d) (1) A license held by a member of the armed forces of the United
7 States who is absent from this State on active service in the armed forces of the United
8 States, or a dependent of the member who is residing with the member outside the
9 State, shall remain in full force and effect during such absence.

10 (2) The license also shall remain in effect, if it would otherwise have
11 expired under this section, for a period of 30 days following the date of the licensee's
12 return to this State, or the member's discharge or separation from active service:

13 (i) If the licensee has in the licensee's immediate possession,
14 together with the licensee's driver's license, papers indicating the member's active
15 service outside this State or the member's discharge or separation; and

16 (ii) If the license is not otherwise suspended, revoked, or
17 canceled under this title during the 30-day period.

18 (e) If a licensee is absent from this State for cause, other than as provided in
19 subsection (d) of this section, and is unable to renew his license in the manner
20 required by this section, the licensee may renew by mail to the Administration. The
21 renewal application shall be accompanied by the prescribed fee and a statement giving
22 the reason for and the expected length of the absence. On receipt of the application,
23 the Administration may issue a regular license which bears a photo or a notation that
24 it is valid without a photo until 15 days after the licensee first returns to this State.

25 (f) An individual may not drive a motor vehicle on any highway in this State
26 if the license issued to him under this title has expired.

27 (g) An individual may not attempt to drive a motor vehicle on any highway
28 in this State if the license issued to the individual under this title has expired.

29 (h) (1) Except as provided in paragraphs (2) and (3) of this subsection, the
30 Administration shall require every individual applying for renewal of a driver's license
31 to pass a vision test as prescribed by the Administration.

32 (2) (i) The Administration shall accept a certification of acceptable
33 visual acuity from a licensed physician or optometrist instead of requiring the actual
34 test provided for in this subsection.

35 (ii) The examination for which certification is made shall take
36 place within 12 months of the date of application for renewal.

1 (3) An individual at least 21 years of age but under the age of 40 years
2 may apply for renewal of a driver's license electronically or by mail or other means
3 authorized by the Administration without taking a vision test if the applicant has
4 passed a vision test authorized by the Administration within the previous 6 years.

5 (4) (i) If the Administration has reason to believe that an
6 individual is a safety hazard by reason of a vision deficiency, the Administration may
7 require the vision test provided for in this subsection at a time other than renewal of a
8 driver's license.

9 (ii) The Administration may adopt regulations to implement the
10 provisions of this subsection.

11 (i) Before the expiration of a driver's license, if the Administration has
12 reason to believe that an individual is not a safety hazard, but the individual is unable
13 to pass a required knowledge test or vision test, the Administration may extend the
14 individual's privilege to drive for a period not to exceed 90 days.

15 **(J) (1) THE ADMINISTRATION SHALL REQUIRE EVERY INDIVIDUAL**
16 **APPLYING FOR RENEWAL OF A DRIVER'S LICENSE TO DEMONSTRATE, IN A**
17 **MANNER SATISFACTORY TO THE ADMINISTRATION, WHETHER THE INDIVIDUAL**
18 **WAS SUBJECT TO AN INCOME TAX SURCHARGE UNDER § 10-106.2 OF THE**
19 **TAX - GENERAL ARTICLE IN THE MOST RECENT TAXABLE YEAR.**

20 **(2) IF THE INDIVIDUAL WAS SUBJECT TO THE INCOME TAX**
21 **SURCHARGE, THE ADMINISTRATION SHALL REFUSE TO RENEW THE**
22 **INDIVIDUAL'S DRIVER'S LICENSE UNTIL THE INDIVIDUAL PROVIDES PROOF, IN A**
23 **FORM SATISFACTORY TO THE ADMINISTRATION, OF HEALTH CARE COVERAGE,**
24 **AS DEFINED IN § 10-106.2 OF THE TAX - GENERAL ARTICLE.**

25 **(3) THE ADMINISTRATION SHALL ADOPT REGULATIONS TO**
26 **IMPLEMENT THE PROVISIONS OF THIS SUBSECTION.**

27 SECTION 4. AND BE IT FURTHER ENACTED, That the Comptroller and the
28 Motor Vehicle Administration shall widely publicize the requirements of this Act to
29 provide an adequate opportunity for individuals to obtain health care coverage and
30 avoid a surcharge or penalty.

31 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act
32 shall take effect January 1, 2008, and shall be applicable to all taxable years
33 beginning after December 31, 2007.

34 SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act
35 shall take effect January 1, 2009.

1 SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in
2 Sections 5 and 6 of this Act, this Act shall take effect June 1, 2008.