

SB0965/517473/2

BY: Finance Committee

AMENDMENTS TO SENATE BILL 965
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Gladden” and substitute “Gladden, Jones, and McFadden”; strike in their entirety lines 2 and 3 and substitute “Kids First Act”; in line 6, strike the first “certain”; in the same line, strike the comma; in line 7, strike “the income tax return” and substitute “a tax return for a certain tax year”; in the same line, strike “amount;” and substitute “income eligibility standard; requiring that the notice be developed by the Department of Health and Mental Hygiene; requiring a taxpayer to report on the income tax return in a certain form the presence or absence of certain health care coverage for each dependant child; providing that a taxpayer may not be penalized for not providing certain information or providing certain information that is inaccurate under certain circumstances; requiring the Comptroller, under certain circumstances, to send a taxpayer applications and enrollment instructions for the Maryland Medical Assistance Program and the Maryland Children’s Health Program; prohibiting the Comptroller from sending a certain notice and information to certain taxpayers; requiring the Department of Health and Mental Hygiene, in consultation with certain other State agencies, to study, make recommendations, and report on health care coverage and enrollment for certain children; requiring the Comptroller to publicize the availability of the Maryland Medical Assistance Program and the Maryland Children’s Health Program to certain taxpayers; requiring the Maryland Health Care Commission and the Office of the Comptroller to conduct a certain study annually and report on the study to the Governor and the General Assembly on or before a certain date each year; requiring the transfer of certain funds from the Maryland Health Care Provider Rate Stabilization Fund to the Office of the Comptroller for a certain purpose; defining a certain term; making a certain technical correction;”; in line 8, strike “application” and substitute “termination”; strike beginning with “a” in line 8 down through “Comptroller” in line 9 and substitute “health care coverage for dependent children”; after line 9, insert:

(Over)

“BY repealing and reenacting, with amendments,

Article – Insurance

Section 15-1301(f)(1)

Annotated Code of Maryland

(2006 Replacement Volume and 2007 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10-211

Annotated Code of Maryland

(2004 Replacement Volume and 2007 Supplement)

(As enacted by Chapter 3 of the Acts of the General Assembly of the 2007
Special Session)”;

and in line 12, strike “10-202” and substitute “10-211.1”.

AMENDMENT NO. 2

On pages 1 and 2, strike in their entirety the lines beginning with line 17 on page 1 through line 16 on page 2, inclusive.

AMENDMENT NO. 3

On page 2, after line 16, insert:

“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(c)(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

10-211.

(a) Except as provided in subsection (b) of this section, whether or not a federal return is filed, to determine Maryland taxable income, an individual other than a fiduciary may deduct as an exemption:

(Over)

(1) \$3,200 for each exemption that the individual may deduct in the taxable year to determine federal taxable income under § 151 of the Internal Revenue Code;

(2) an additional \$3,200 for each dependent, as defined in § 152 of the Internal Revenue Code, who is at least 65 years old on the last day of the taxable year;

(3) an additional \$1,000 if the individual, on the last day of the taxable year, is at least 65 years old; and

(4) an additional \$1,000 if the individual, on the last day of the taxable year, is a blind individual, as described in § 10-208(c) of this subtitle.

(b) (1) If an individual other than one described in [subsection (c) of this section] **PARAGRAPH (2) OF THIS SUBSECTION** has federal adjusted gross income for the taxable year greater than \$100,000, the amount allowed for each exemption under subsection (a)(1) or (2) of this section is limited to:

(i) \$2,400 if federal adjusted gross income for the taxable year does not exceed \$125,000;

(ii) \$1,800 if federal adjusted gross income for the taxable year is greater than \$125,000 but not greater than \$150,000;

(iii) \$1,200 if federal adjusted gross income for the taxable year is greater than \$150,000 but not greater than \$200,000; and

(iv) \$600 if federal adjusted gross income for the taxable year is greater than \$200,000.

(2) If a married couple filing a joint return or an individual described in § 2 of the Internal Revenue Code as a head of household or as a surviving spouse

has federal adjusted gross income for the taxable year greater than \$150,000, the amount allowed for each exemption under subsection (a)(1) or (2) of this section is limited to:

(i) \$2,400 if federal adjusted gross income for the taxable year does not exceed \$175,000;

(ii) \$1,800 if federal adjusted gross income for the taxable year is greater than \$175,000 but not greater than \$200,000;

(iii) \$1,200 if federal adjusted gross income for the taxable year is greater than \$200,000 but not greater than \$250,000; and

(iv) \$600 if federal adjusted gross income for the taxable year is greater than \$250,000.

10-211.1.

(A) IN THIS SECTION, "HEALTH CARE COVERAGE" MEANS CREDITABLE COVERAGE AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE.

(B) (1) IF THE INCOME, REPORTED ON THE TAX RETURN FOR TAX YEAR 2007, OF A TAXPAYER WITH A DEPENDENT CHILD DOES NOT EXCEED THE HIGHEST INCOME ELIGIBILITY STANDARD FOR THE MARYLAND MEDICAL ASSISTANCE PROGRAM OR THE MARYLAND CHILDREN'S HEALTH PROGRAM, THE COMPTROLLER SHALL SEND A NOTICE TO THE TAXPAYER:

(I) INDICATING THAT THE DEPENDENT CHILD MAY BE ELIGIBLE FOR THE MARYLAND MEDICAL ASSISTANCE PROGRAM OR THE MARYLAND CHILDREN'S HEALTH PROGRAM; AND

(Over)

(II) PROVIDING INFORMATION ABOUT HOW TO ENROLL IN THE PROGRAMS.

(2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE DEVELOPED BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE.

(C) (1) (I) BEGINNING WITH THE TAX RETURN FOR TAX YEAR 2008, THE TAXPAYER SHALL REPORT ON THE INCOME TAX RETURN, IN THE FORM REQUIRED BY THE COMPTROLLER, THE PRESENCE OR ABSENCE OF HEALTH CARE COVERAGE FOR EACH DEPENDENT CHILD FOR WHOM AN EXEMPTION IS CLAIMED.

(II) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A TAXPAYER MAY NOT BE PENALIZED IN ANY MANNER FOR NOT PROVIDING THE INFORMATION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH OR PROVIDING INFORMATION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH THAT IS INACCURATE.

(2) (I) IF THE TAXPAYER INDICATES ON THE INCOME TAX RETURN FOR TAX YEAR 2008 OR 2009 THAT A DEPENDENT CHILD DOES NOT HAVE HEALTH CARE COVERAGE, AND THE INCOME ON THE TAXPAYER'S TAX RETURN DOES NOT EXCEED THE HIGHEST LEVEL INCOME ELIGIBILITY STANDARD FOR THE MARYLAND MEDICAL ASSISTANCE PROGRAM OR THE MARYLAND CHILDREN'S HEALTH PROGRAM, THE COMPTROLLER SHALL SEND THE TAXPAYER APPLICATIONS AND ENROLLMENT INSTRUCTIONS FOR THE MARYLAND MEDICAL ASSISTANCE PROGRAM AND THE MARYLAND CHILDREN'S HEALTH PROGRAM.

(II) THE COMPTROLLER MAY NOT SEND ANY NOTICE OR INFORMATION WITH THE APPLICATIONS AND ENROLLMENT INSTRUCTIONS REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, OTHER THAN A NOTICE DEVELOPED BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE.

SECTION 2. AND BE IT FURTHER ENACTED, That the Department of Health and Mental Hygiene, in consultation with the Maryland Insurance Administration and the Maryland Health Care Commission, shall:

(1) study and make recommendations for improving the processes for determining eligibility for the Maryland Medical Assistance Program and the Maryland Children’s Health Program, including the feasibility of facilitating outreach or auto-enrollment through linkages with other electronic data sources;

(2) (i) study and make recommendations for increasing the availability and affordability of health care coverage for children with family income that exceeds 300% of the applicable poverty income level;

(ii) include as options in the study and recommendations:

1. buying into the Maryland Children’s Health Program;
2. developing a State-sponsored health care coverage program with fewer mandates than the Maryland Children’s Health Program; and
3. establishing a health benefit plan with child-appropriate benefits; and

(3) on or before January 1, 2009, report on its studies and recommendations to the Governor and, in accordance with § 2-1246 of the State Government Article, the General Assembly.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) The Maryland Health Care Commission and the Office of the Comptroller annually shall study:

(1) the number of Maryland families, by income level, claiming the State income tax exemption for dependent children;

(2) the value to a family of the State income tax exemption for dependent children, by income level; and

(3) the effect of the provisions of § 10–211.1 of Tax – General Article, as enacted by Section 1 of the Act, on the number and percentage of children in the State who are uninsured.

(b) The Commission and the Office shall report on their findings from the study required under this section to the Governor and, in accordance with § 2–1246 of the State Government Article, the General Assembly on or before January 1 of each year.

SECTION 4. AND BE IT FURTHER ENACTED, That the Comptroller shall publicize the availability of the Maryland Medical Assistance Program and the Maryland Children’s Health Program to taxpayers with dependent children.

SECTION 5. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, for fiscal years 2010 and 2011, up to \$300,000 each year shall be transferred from the Maryland Health Care Provider Rate Stabilization Fund established under Title 19, Subtitle 8 of the Insurance Article to the Office of the Comptroller to pay only for mailings of applications and enrollment instructions for the Maryland Medical Assistance Program and the Maryland Children’s Health Program, in accordance with § 10–211.1 of the Tax – General Article, as enacted by Section 1 of this Act.”;

in line 17, strike “2.” and substitute “6.”; and strike beginning with “October” in line 18 down through “2008” in line 19 and substitute “July 1, 2008. It shall remain effective for a period of 3 years and, at the end of June 30, 2011, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect”.