

HOUSE BILL 1391

C3, J1, Q3

8lr1046

By: **Delegates Mizeur, Hammen, Benson, Donoghue, Elliott, Gutierrez, Hixson, Howard, Ivey, Kipke, Lafferty, McIntosh, Morhaim, Nathan-Pulliam, Pena-Melnyk, Pendergrass, Reznik, and Schuh**

Introduced and read first time: February 8, 2008

Assigned to: Health and Government Operations and Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Kids First Act**

3 FOR the purpose of requiring the Comptroller to send a certain notice regarding
4 eligibility for the Maryland Medical Assistance Program or the Maryland
5 Children's Health Program to a certain taxpayer if certain income reported on a
6 tax return does not exceed a certain amount; requiring a taxpayer to report on
7 the income tax return in a certain form the presence or absence of certain
8 health care coverage for each dependent child; requiring the Comptroller, under
9 certain circumstances, to send a taxpayer applications for the Maryland Medical
10 Assistance Program and the Maryland Children's Health Program; requiring
11 the Comptroller to adopt certain regulations; requiring the Department of
12 Health and Mental Hygiene, in consultation with certain other State agencies,
13 to study, make recommendations, and report on health care coverage and
14 enrollment for certain children; requiring the Comptroller to publicize widely
15 the requirements of this Act for a certain purpose; prohibiting a taxpayer from
16 deducting a certain exemption for a dependent child unless the dependent child
17 had health care coverage; providing for certain exceptions; defining certain
18 terms; making a certain technical correction; providing for the application of
19 certain provisions of this Act; providing for delayed effective dates for certain
20 provisions of this Act; and generally relating to health care coverage and income
21 tax exemptions for dependent children.

22 BY repealing and reenacting, with amendments,
23 Article – Insurance
24 Section 15–1301(f)(1)
25 Annotated Code of Maryland
26 (2006 Replacement Volume and 2007 Supplement)

27 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Tax – General
2 Section 10–211
3 Annotated Code of Maryland
4 (2004 Replacement Volume and 2007 Supplement)
5 (As enacted by Chapter 3 of the Acts of the General Assembly of the 2007
6 Special Session)

7 BY adding to
8 Article – Tax – General
9 Section 10–211.1
10 Annotated Code of Maryland
11 (2004 Replacement Volume and 2007 Supplement)

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

14 **Article – Insurance**

15 15–1301.

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

17 (i) an employer sponsored plan;

18 (ii) a health benefit plan;

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

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

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

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

25 (vii) a State health benefits risk pool;

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

28 (ix) a public health plan as defined by federal regulations
29 authorized by the Public Health Service Act, § 2701(c)(1)(i), as amended by P.L.
30 104–191; or

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

Article – Tax – General

1

2 10–211.

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

6 (1) \$3,200 for each exemption that the individual may deduct in the
7 taxable year to determine federal taxable income under § 151 of the Internal Revenue
8 Code;

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

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

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

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

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

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

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

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

27 (2) If a married couple filing a joint return or an individual described
28 in § 2 of the Internal Revenue Code as a head of household or as a surviving spouse
29 has federal adjusted gross income for the taxable year greater than \$150,000, the
30 amount allowed for each exemption under subsection (a)(1) or (2) of this section is
31 limited to:

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

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

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

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

7 **10-211.1.**

8 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
9 MEANINGS INDICATED.

10 (2) "APPLICABLE POVERTY INCOME LEVEL" MEANS THE AMOUNT
11 SPECIFIED IN THE POVERTY INCOME STANDARD THAT CORRESPONDS TO THE
12 NUMBER OF EXEMPTIONS THAT THE TAXPAYER IS ALLOWED AND CLAIMS UNDER
13 § 10-211 OF THIS SUBTITLE.

14 (3) "HEALTH CARE COVERAGE" MEANS CREDITABLE COVERAGE
15 AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE.

16 (4) "POVERTY INCOME STANDARD" MEANS THE MOST RECENT
17 POVERTY INCOME GUIDELINES PUBLISHED BY THE UNITED STATES
18 DEPARTMENT OF HEALTH AND HUMAN SERVICES, AVAILABLE AS OF JULY 1 OF
19 THE TAXABLE YEAR.

20 (5) "TAXPAYER" MEANS:

21 (I) AN INDIVIDUAL FILING AN INDIVIDUAL RETURN; OR

22 (II) A MARRIED COUPLE FILING A JOINT RETURN.

23 (B) IF THE FEDERAL ADJUSTED GROSS INCOME, REPORTED ON THE TAX
24 RETURN FOR THE PREVIOUS TAXABLE YEAR, OF A TAXPAYER WITH A
25 DEPENDENT CHILD DOES NOT EXCEED 300% OF THE APPLICABLE POVERTY
26 INCOME LEVEL, THE COMPTROLLER SHALL SEND A NOTICE TO THE TAXPAYER:

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

30 (2) PROVIDING INFORMATION ABOUT HOW TO ENROLL IN THE
31 PROGRAMS.

1 **(C) (1) A TAXPAYER MAY NOT DEDUCT AN EXEMPTION FOR A**
2 **DEPENDENT CHILD UNDER § 10-211 OF THIS SUBTITLE UNLESS THE**
3 **DEPENDENT CHILD FOR WHOM THE EXEMPTION IS CLAIMED:**

4 **(I) HAD HEALTH CARE COVERAGE ON DECEMBER 31 OF**
5 **THE TAXABLE YEAR; AND**

6 **(II) DID NOT HAVE A BREAK IN HEALTH CARE COVERAGE OF**
7 **63 DAYS OR MORE DURING THE TAXABLE YEAR.**

8 **(2) THE COMPTROLLER SHALL PROVIDE FOR EXCEPTIONS TO**
9 **PARAGRAPH (1) OF THIS SUBSECTION FOR A TAXPAYER:**

10 **(I) JUST ENTERING THE WORKFORCE;**

11 **(II) RECENTLY MOVING INTO THE STATE;**

12 **(III) WHO IS UNABLE TO OBTAIN HEALTH CARE COVERAGE**
13 **FOR THE DEPENDENT CHILD BECAUSE THE DEPENDENT CHILD:**

14 **1. IS NOT ELIGIBLE FOR COVERAGE THROUGH:**

15 **A. ANY EMPLOYER-SPONSORED PLAN AVAILABLE TO**
16 **THE TAXPAYER;**

17 **B. THE MARYLAND MEDICAL ASSISTANCE**
18 **PROGRAM; OR**

19 **C. THE MARYLAND CHILDREN'S HEALTH PROGRAM;**

20 **2. HAS BEEN TURNED DOWN FOR HEALTH BENEFITS**
21 **IN AN INDIVIDUAL PLAN; AND**

22 **3. HAS BEEN UNABLE TO ENROLL IN THE MARYLAND**
23 **HEALTH INSURANCE PLAN BECAUSE THE MARYLAND HEALTH INSURANCE**
24 **PLAN HAS REACHED ITS ENROLLMENT CAPACITY; OR**

25 **(IV) WHO OBJECTS TO HEALTH INSURANCE ON RELIGIOUS**
26 **GROUND, PROVIDED THAT THE TAXPAYER FILES A SWORN AFFIDAVIT WITH**
27 **THE TAX RETURN STATING THAT THE TAXPAYER'S SINCERELY HELD RELIGIOUS**
28 **BELIEFS ARE THE BASIS OF THE TAXPAYER'S REFUSAL TO OBTAIN AND**
29 **MAINTAIN HEALTH CARE COVERAGE FOR THE DEPENDENT CHILD.**

1 **(3) THE TAXPAYER SHALL REPORT ON THE INCOME TAX RETURN,**
2 **IN THE FORM REQUIRED BY THE COMPTROLLER, THE PRESENCE OR ABSENCE**
3 **OF HEALTH CARE COVERAGE THAT MEETS THE REQUIREMENTS OF THIS**
4 **SUBSECTION FOR EACH DEPENDENT CHILD FOR WHOM AN EXEMPTION IS**
5 **CLAIMED.**

6 **(4) IF THE TAXPAYER INDICATES ON THE INCOME TAX RETURN**
7 **THAT A DEPENDENT CHILD DOES NOT HAVE HEALTH CARE COVERAGE, AND THE**
8 **FEDERAL ADJUSTED GROSS INCOME ON THE TAXPAYER'S TAX RETURN DOES**
9 **NOT EXCEED 300% OF THE APPLICABLE POVERTY INCOME LEVEL, THE**
10 **COMPTROLLER SHALL SEND THE TAXPAYER APPLICATIONS AND ENROLLMENT**
11 **INSTRUCTIONS FOR THE MARYLAND MEDICAL ASSISTANCE PROGRAM AND THE**
12 **MARYLAND CHILDREN'S HEALTH PROGRAM, WITH INSTRUCTIONS.**

13 **(5) THE COMPTROLLER SHALL ADOPT REGULATIONS TO**
14 **IMPLEMENT THE REQUIREMENTS OF THIS SECTION.**

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

18 (1) study and make recommendations for determining the
19 effectiveness for implementation of an auto-enrollment system into the Maryland
20 Medical Assistance Program and the Maryland Children's Health Program for eligible
21 children;

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

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

26 1. buying into the Maryland Children's Health Program;
27 2. developing a State-sponsored health care coverage
28 program with fewer mandates than the Maryland Children's Health Program; and

29 3. establishing a health benefit plan with
30 child-appropriate benefits; and

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

1 SECTION 3. AND BE IT FURTHER ENACTED, That the Comptroller shall
2 publicize widely the requirements of this Act to provide an adequate opportunity for
3 taxpayers to obtain health care coverage for their dependent children.

4 SECTION 4. AND BE IT FURTHER ENACTED, That § 10-211.1(c)(1) and (2)
5 of the Tax – General Article, as enacted by Section 1 of this Act, shall take effect
6 January 1, 2011, and shall be applicable to all taxable years beginning after December
7 31, 2010.

8 SECTION 5. AND BE IT FURTHER ENACTED, That § 10-211.1(b) and (c)(3)
9 and (4) of the Tax – General Article, as enacted by Section 1 of this Act shall take
10 effect January 1, 2009, and shall be applicable to all taxable years beginning after
11 December 31, 2008.

12 SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in
13 Sections 4 and 5 of this Act, this Act shall take effect July 1, 2008.