

SENATE BILL 906

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CF HB 1492

By: **The President (By Request – Administration) and Senators Astle, Frosh, Garagiola, Klausmeier, Madaleno, Middleton, Muse, Pinsky, Pugh, and Raskin**

Introduced and read first time: February 19, 2008

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Senior Prescription Drug Assistance Program – Subsidy for Medicare Part D**
3 **Coverage Gap**

4 FOR the purpose of requiring a certain corporation, beginning on a certain date and
5 under certain circumstances, to transfer a certain amount of money to the
6 separate account for the Senior Prescription Drug Assistance Program within
7 the Maryland Health Insurance Plan; authorizing the corporation not to make
8 the transfer, under certain circumstances; providing for a certain exception;
9 requiring the Program to provide a certain subsidy for the Medicare Part D
10 coverage gap, subject to the availability of certain funds; requiring the Board of
11 Directors of the Maryland Health Insurance Plan to determine annually the
12 amount of the subsidy; requiring the segregated account for the Senior
13 Prescription Drug Assistance Program to include certain money deposited by a
14 nonprofit health service plan; repealing a certain source of funds for the
15 Maryland Health Insurance Plan Fund; altering requirements for a certain
16 segregated account; altering requirements for the amount a nonprofit health
17 service plan is required to deposit to the Fund; requiring a nonprofit health
18 service plan to deposit to the Maryland Health Insurance Plan Fund the
19 amount required for the Medicare Part D coverage gap subsidy; defining a
20 certain term; making technical corrections; and generally relating to a subsidy
21 for the Medicare Part D coverage gap for enrollees of the Senior Prescription
22 Drug Assistance Program.

23 BY repealing and reenacting, with amendments,

24 Article – Insurance

25 Section 14–102(h), 14–501(i) and (j), 14–504(b), 14–512(c) and (e), and 14–513

26 Annotated Code of Maryland

27 (2006 Replacement Volume and 2007 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – Insurance
3 Section 14–106.2 and 14–501(i)
4 Annotated Code of Maryland
5 (2006 Replacement Volume and 2007 Supplement)

6 BY repealing and reenacting, without amendments,
7 Article – Insurance
8 Section 14–501(a), 14–504 (a)(1) and (e), and 14–512(a) and (b)
9 Annotated Code of Maryland
10 (2006 Replacement Volume and 2007 Supplement)

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

13 **Article – Insurance**

14 14–102.

15 (h) The provisions of subsections (d) and (e) of this section and §§ 14–106,
16 14–106.1, **14–106.2**, 14–115(d), (e), (f), and (g), and 14–139(d) and (e) of this subtitle
17 do not apply to a nonprofit health service plan that insures between 1 and 10,000
18 covered lives in Maryland or issues contracts for only one of the following services:

- 19 (1) podiatric;
- 20 (2) chiropractic;
- 21 (3) pharmaceutical;
- 22 (4) dental;
- 23 (5) psychological; or
- 24 (6) optometric.

25 **14–106.2.**

26 (A) **THIS SECTION APPLIES TO A CORPORATION THAT IS:**

27 (1) **ISSUED A CERTIFICATE OF AUTHORITY AS A NONPROFIT**
28 **HEALTH SERVICE PLAN; AND**

29 (2) **THE SOLE MEMBER OF A CORPORATION ISSUED A**
30 **CERTIFICATE OF AUTHORITY AS A NONPROFIT HEALTH SERVICE PLAN.**

1 **(B) EXCEPT AS PROVIDED UNDER SUBSECTION (C) OF THIS SECTION,**
2 **BEGINNING JANUARY 1, 2009, AND EACH JANUARY 1 THEREAFTER, IF A**
3 **CORPORATION SUBJECT TO THIS SECTION HAS A SURPLUS THAT EXCEEDS 800%**
4 **OF THE CONSOLIDATED RISK-BASED CAPITAL REQUIREMENTS APPLICABLE TO**
5 **THE CORPORATION IN THE IMMEDIATELY PRECEDING CALENDAR YEAR, THE**
6 **CORPORATION SHALL TRANSFER \$4,000,000 TO THE SEPARATE ACCOUNT FOR**
7 **THE SENIOR PRESCRIPTION DRUG ASSISTANCE PROGRAM WITHIN THE**
8 **MARYLAND HEALTH INSURANCE PLAN FUND ESTABLISHED UNDER § 14-504**
9 **OF THIS TITLE.**

10 **(C) A CORPORATION IS NOT REQUIRED TO MAKE THE TRANSFER UNDER**
11 **SUBSECTION (B) OF THIS SECTION IF:**

12 **(1) THE SURPLUS OF THE CORPORATION DOES NOT EXCEED 800%**
13 **OF THE CONSOLIDATED RISK-BASED CAPITAL REQUIREMENTS APPLICABLE TO**
14 **THE CORPORATION IN THE IMMEDIATELY PRECEDING CALENDAR YEAR; OR**

15 **(2) THE FEDERAL GOVERNMENT ELIMINATES THE COVERAGE GAP**
16 **IN THE MEDICARE PART D PRESCRIPTION DRUG BENEFIT.**

17 14-501.

18 (a) In this subtitle the following words have the meanings indicated.

19 **(I) “MEDICARE PART D COVERAGE GAP” MEANS THE GAP IN**
20 **COVERAGE UNDER MEDICARE PART D:**

21 **(1) ABOVE THE INITIAL COVERAGE LIMIT AND BEFORE**
22 **CATASTROPHIC COVERAGE BEGINS; AND**

23 **(2) DURING WHICH AN INDIVIDUAL ENROLLED IN MEDICARE**
24 **PART D IS RESPONSIBLE FOR 100% COINSURANCE COSTS.**

25 [(i)] **(J)** “Plan” means the Maryland Health Insurance Plan.

26 [(j)] **(K)** “Plan of operation” means the articles, bylaws, and operating rules
27 and procedures adopted by the Board in accordance with § 14-503 of this subtitle.

28 14-504.

29 (a) (1) There is a Maryland Health Insurance Plan Fund.

30 (b) The Fund shall consist of:

31 (1) premiums for coverage that the Plan issues;

1 [(2) except as provided in § 14–513(a) of this subtitle, premiums paid
2 by enrollees of the Senior Prescription Drug Assistance Program;

3 (3) (2) money collected in accordance with § 19–219 of the Health –
4 General Article;

5 [(4) (3) money deposited by a [carrier] **NONPROFIT HEALTH**
6 **SERVICE PLAN** in accordance with § 14–513 of this subtitle;

7 [(5) (4) income from investments that the Board makes or
8 authorizes on behalf of the Fund;

9 [(6) (5) interest on deposits or investments of money from the Fund;

10 [(7) (6) premium tax revenue collected under § 14–107 of this title;

11 [(8) (7) money collected by the Board as a result of legal or other
12 actions taken by the Board on behalf of the Fund;

13 [(9) (8) money donated to the Fund; and

14 [(10) (9) money awarded to the Fund through grants.

15 (e) (1) In addition to the operation and administration of the Plan, the
16 Fund shall be used for the operation and administration of the Senior Prescription
17 Drug Assistance Program established under Part II of this subtitle.

18 (2) The Board shall maintain separate accounts within the Fund for
19 the Senior Prescription Drug Assistance Program and the Maryland Health Insurance
20 Plan.

21 (3) Accounts within the Fund shall contain those moneys that are
22 intended to support the operation of the Program for which the account is designated.

23 14–512.

24 (a) The Program shall:

25 (1) provide a prescription drug benefit subsidy, as determined by the
26 Board, that may pay all or some of the deductibles, coinsurance payments, premiums,
27 and copayments under the federal Medicare Part D Pharmaceutical Assistance
28 Program for enrollees of the Program; and

29 (2) provide the subsidy to the maximum number of individuals eligible
30 for enrollment in the Program, subject to the moneys available in the segregated
31 account under § 14–504 of this subtitle.

1 (b) The Program may limit payment of any subsidy by paying the subsidy
2 only on behalf of eligible individuals enrolled in a Medicare Part D Prescription Drug
3 Plan or Medicare Advantage Plan that coordinates with the Program in accordance
4 with federal requirements.

5 (c) The Program:

6 (1) may annually provide an additional subsidy, up to the full amount
7 of the Medicare Part D Prescription Drug Plan premium, for individuals who qualify
8 for a partial federal low-income subsidy; **AND**

9 (2) **SHALL ANNUALLY PROVIDE AN ADDITIONAL SUBSIDY UP TO**
10 **THE FULL AMOUNT OF THE MEDICARE PART D COVERAGE GAP, SUBJECT TO**
11 **THE AVAILABILITY OF:**

12 (I) **FUNDS PROVIDED UNDER § 14-106.2 OF THIS TITLE;**
13 **AND**

14 (II) **ANY OTHER FUNDS AVAILABLE FOR THIS PURPOSE.**

15 (e) The Board shall determine annually:

16 (1) the number of individuals to be enrolled in the Program;

17 (2) the amount of subsidy to be provided under [subsection (a)]
18 **SUBSECTIONS (A) AND (C)(2)** of this section; and

19 (3) the amount of any additional subsidy provided under subsection
20 [(c)] **(C)(1)** of this section.

21 14-513.

22 (a) [As determined by the Board, premiums collected] **FUNDS** for the
23 Program shall be deposited:

24 (1) to a segregated account in the Fund established under § 14-504 of
25 this subtitle; or

26 (2) to a separate account for the Program established by the Program
27 Administrator.

28 (b) [In addition to premium income, the] **THE** segregated account shall
29 include:

30 (1) interest and investment income attributable to Program funds; and

1 (2) money deposited to the account by a nonprofit health service plan,
2 in accordance with [subsection (c)] **SUBSECTIONS (C) AND (D)** of this section.

3 (c) (1) On or before April 1, 2003 and quarterly thereafter, the nonprofit
4 health service plan required to subsidize the Program under § 14–106(d) of this title
5 shall deposit to the Fund under § 14–504 of this subtitle the amount[, in excess of
6 premiums collected,] that is necessary to operate and administer the Program for the
7 following quarter.

8 (2) The amount deposited shall be determined by the Board based on
9 enrollment, expenditures, and revenue for the previous year.

10 (3) The amount required by the Board under paragraph (2) of this
11 subsection may not exceed the amounts specified in § 14–106(e) of this title.

12 (4) The Board shall provide funds to the Administrator, in accordance
13 with the terms of the contract with the Administrator, for the cost of the State subsidy
14 and administrative expenses incurred on behalf of the Program.

15 **(D) A NONPROFIT HEALTH SERVICE PLAN SHALL DEPOSIT IN THE FUND**
16 **UNDER § 14–504 OF THIS SUBTITLE THE AMOUNT REQUIRED UNDER § 14–106.2**
17 **OF THIS TITLE TO BE USED FOR THE PURPOSE OF SUBSIDIZING THE MEDICARE**
18 **PART D COVERAGE GAP.**

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2008.