

HOUSE BILL 697

C3

9lr0623

By: **Delegate McDonough**

Introduced and read first time: February 9, 2009

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Small Employer Health Benefit Plan Premium Subsidy**
3 **Program - Local Funds**

4 FOR the purpose of authorizing funding for the Small Employer Health Benefit Plan
5 Premium Subsidy Program from certain local funds; authorizing a county to
6 provide local funds to be used for subsidies of small employer health benefit
7 plan premiums; establishing certain conditions for the use of the local funds;
8 and generally relating to the use of local funds in the Small Employer Health
9 Benefit Plan Premium Subsidy Program.

10 BY repealing and reenacting, with amendments,
11 Article - Insurance
12 Section 15-12A-02 and 15-12A-03
13 Annotated Code of Maryland
14 (2006 Replacement Volume and 2008 Supplement)

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

17 **Article - Insurance**

18 15-12A-02.

19 (a) There is a Small Employer Health Benefit Plan Premium Subsidy
20 Program.

21 (b) The purposes of the Program are to:

22 (1) provide an incentive for small employers to offer and maintain a
23 small employer health benefit plan for their employees;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) help low and moderate income employees of small employers afford
2 small employer health benefit plan premiums;

3 (3) promote access to health care services, particularly preventive
4 health care services that might reduce the need for emergency room care and other
5 acute care services; and

6 (4) reduce uncompensated care in hospitals and other health care
7 settings.

8 (c) The Commission, in consultation with the Department, shall administer
9 the Program.

10 (d) The Program shall consist of subsidies, as provided under § 15–12A–03 of
11 this subtitle, for:

12 (1) small employers that have not previously offered a small employer
13 health benefit plan to their employees; and

14 (2) employees of small employers that have not previously offered a
15 small employer health benefit plan to their employees.

16 (e) Funding for the Program may be provided from:

17 (1) general funds; [or]

18 (2) the Health Care Coverage Fund established under Title 15,
19 Subtitle 7 of the Health – General Article; **OR**

20 **(3) LOCAL FUNDS, AS PROVIDED UNDER § 15–12A–03(F) OF THIS**
21 **SUBTITLE.**

22 (f) The Commission shall adopt regulations to establish:

23 (1) the eligibility requirements for small employers under the
24 Program; and

25 (2) the level of subsidies to be provided under the Program.

26 15–12A–03.

27 (a) A small employer and the employees of the small employer shall be
28 eligible for a subsidy of small employer health benefit plan premiums if the small
29 employer:

30 (1) at the time of initial application for the subsidy:

1 (i) has not offered a small employer health benefit plan to its
2 employees for at least 12 consecutive months;

3 (ii) has at least two but not more than nine eligible employees;
4 and

5 (iii) meets salary and wage requirements established by the
6 Commission;

7 (2) offers a small employer health benefit plan to its employees;

8 (3) establishes a payroll deduction plan under § 125 of the Internal
9 Revenue Code;

10 (4) agrees to offer a wellness benefit, as required by the Commission;
11 and

12 (5) meets any other requirements established by the Commission.

13 (b) A subsidy provided to a small employer under the Program:

14 (1) shall offset a portion of the small employer health benefit plan
15 premium contributions made by a small employer;

16 (2) may not exceed the lower of:

17 (i) 50% of the small employer contribution; or

18 (ii) an amount established by the Commission; and

19 (3) may be calculated on a sliding scale.

20 (c) A subsidy provided to an employee of a small employer under the
21 Program:

22 (1) shall offset a portion of the small employer health benefit plan
23 premium contributions made by an employee;

24 (2) may not exceed the lower of:

25 (i) 50% of the employee contribution; or

26 (ii) an amount established by the Commission; and

27 (3) may be calculated on a sliding scale.

1 (d) The Commission may alter the subsidy amounts provided under
2 subsections (b) and (c) of this section according to the number of employees of the
3 small employer.

4 (e) The total amount of all subsidies provided under this section shall be
5 subject to the limitations of the State budget.

6 **(F) (1) A COUNTY MAY PROVIDE LOCAL FUNDS TO BE USED FOR**
7 **SUBSIDIES OF SMALL EMPLOYER HEALTH BENEFIT PLAN PREMIUMS.**

8 **(2) THE LOCAL FUNDS SHALL BE USED:**

9 **(I) FOR SUBSIDIES PROVIDED TO SMALL EMPLOYERS AND**
10 **THE EMPLOYEES OF SMALL EMPLOYERS LOCATED IN THE COUNTY PROVIDING**
11 **THE FUNDS; AND**

12 **(II) ONLY AFTER OTHER SOURCES OF FUNDS AVAILABLE**
13 **FOR SUBSIDIES HAVE BEEN EXHAUSTED.**

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 October 1, 2009.