

HOUSE BILL 1472

C3, O2

9lr0051

By: **Chair, Health and Government Operations Committee (By Request – Departmental – Health Insurance Plan)**

Introduced and read first time: March 2, 2009

Assigned to: Rules and Executive Nominations

Re-referred to: Health and Government Operations, March 9, 2009

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 25, 2009

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance – Senior Prescription Drug Assistance Program – Funding**

3 FOR the purpose of clarifying that a certain transfer of funds to the Senior
4 Prescription Drug Assistance Program by a certain nonprofit health service
5 plan is in addition to a certain subsidy that is required to be provided to the
6 Program; clarifying that the transfer of certain funds to the Program is not
7 subject to certain limitations on the amount of a certain subsidy to the Program;
8 altering the year in which a certain requirement must be met for a certain
9 corporation to be required to transfer certain funds to the Program; requiring a
10 certain corporation to notify the Program on or before a certain date each year
11 whether the corporation will transfer certain funds to the Program; requiring
12 the corporation's determination on the transfer of certain funds to be based on a
13 certain risk-based capital calculation; requiring a certain corporation to
14 transfer certain funds to the Program in a certain manner; and generally
15 relating to funding for the Senior Prescription Drug Assistance Program.

16 BY repealing and reenacting, with amendments,
17 Article – Insurance
18 Section 14–106(e), 14–106.2, and 14–513
19 Annotated Code of Maryland
20 (2006 Replacement Volume and 2008 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Article – Insurance

14–106.

(e) The subsidy **THAT A NONPROFIT HEALTH SERVICE PLAN IS** required [under] **TO PROVIDE TO** the Senior Prescription Drug Assistance Program **UNDER SUBSECTION (D)(1)(III) OF THIS SECTION** may not exceed:

(1) for the period of January 1, 2006 through June 30, 2006, \$8,000,000;

(2) for fiscal years 2008 through 2010, \$14,000,000; and

(3) for any year, the value of the nonprofit health service plan's premium tax exemption under § 6–101(b) of this article.

14–106.2.

(a) This section applies to a corporation that is:

(1) issued a certificate of authority as a nonprofit health service plan; and

(2) the sole member of a corporation issued a certificate of authority as a nonprofit health service plan.

(b) Except as provided under subsection (c) of this section, beginning **WITH THE CALENDAR YEAR THAT STARTS ON** January 1, 2009, and each [January 1] **CALENDAR YEAR** thereafter, [if a corporation subject to this section has a surplus that exceeds 800% of the consolidated risk-based capital requirements applicable to the corporation in the immediately preceding calendar year, the] **A corporation SUBJECT TO THIS SECTION** shall transfer \$4,000,000 to the separate account for the Senior Prescription Drug Assistance Program within the Maryland Health Insurance Plan Fund established under § 14–504 of this title ~~IF~~ **IF THE CORPORATION HAS A SURPLUS THAT EXCEEDS 800% OF THE CONSOLIDATED RISK-BASED CAPITAL REQUIREMENTS APPLICABLE TO THE CORPORATION BASED ON THE CORPORATION'S ANNUAL REQUIRED STATUTORY FILING DUE MARCH 1 OF** ~~IN~~ **THE MOST RECENT PRECEDING CALENDAR YEAR FOR WHICH:**

(1) **THE CORPORATION HAS FILED AN ANNUAL STATEMENT WITH THE ADMINISTRATION; AND**

(2) **THE FILING OF THE ANNUAL STATEMENT PRECEDED THE START OF THE CALENDAR YEAR FOR WHICH PAYMENT IS TO BE MADE.**

(c) A corporation is not required to make the transfer under subsection (b) of this section if:

(1) the surplus of the corporation does not exceed 800% of the consolidated risk-based capital requirements applicable to the corporation in the [immediately] **MOST RECENT** preceding calendar year **FOR WHICH:**

(I) **THE CORPORATION HAS FILED AN ANNUAL STATEMENT WITH THE ADMINISTRATION; AND**

(II) **THE FILING OF THE ANNUAL STATEMENT PRECEDED THE START OF THE CALENDAR YEAR FOR WHICH PAYMENT IS TO BE MADE; or**

(2) the federal government eliminates the coverage gap in the Medicare Part D prescription drug benefit.

(D) **(1) ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, A CORPORATION THAT IS SUBJECT TO THIS SECTION SHALL NOTIFY THE SENIOR PRESCRIPTION DRUG ASSISTANCE PROGRAM WHETHER THE CORPORATION WILL ~~PROVIDE~~ TRANSFER \$4,000,000 TO THE PROGRAM UNDER THIS SECTION DURING THE CALENDAR YEAR THAT STARTS ON THE IMMEDIATELY FOLLOWING JANUARY 1.**

(2) THE CORPORATION'S DETERMINATION ON THE TRANSFER OF FUNDS SHALL BE BASED ON THE RISK-BASED CAPITAL CALCULATION THAT IS DUE ON MARCH 1 OF THE SAME CALENDAR YEAR IN WHICH THE CORPORATION GIVES THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

(E) A CORPORATION THAT IS SUBJECT TO THIS SECTION SHALL PAY THE \$4,000,000 TO THE SENIOR PRESCRIPTION DRUG ASSISTANCE PROGRAM IN QUARTERLY INSTALLMENTS OF \$1,000,000, BEGINNING NOT LATER THAN OCTOBER 1 FOR THE CALENDAR YEAR THAT STARTS ON THE IMMEDIATELY FOLLOWING JANUARY 1.

(F) THE TRANSFER OF FUNDS THAT A CORPORATION IS REQUIRED TO MAKE TO THE SENIOR PRESCRIPTION DRUG ASSISTANCE PROGRAM UNDER SUBSECTION (B) OF THIS SECTION:

(1) IS IN ADDITION TO THE SUBSIDY THAT A NONPROFIT HEALTH SERVICE PLAN IS REQUIRED TO PROVIDE TO THE SENIOR PRESCRIPTION DRUG ASSISTANCE PROGRAM UNDER § 14-106(D)(1)(III) OF THIS SUBTITLE; AND

(2) IS NOT SUBJECT TO THE LIMITATION ON THE AMOUNT OF THE SUBSIDY TO THE SENIOR PRESCRIPTION DRUG ASSISTANCE PROGRAM IMPOSED BY § 14-106(E) OF THIS SUBTITLE.

1 14-513.

2 (a) Funds for the Program shall be deposited:

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

5 (2) to a separate account for the Program established by the Program
6 Administrator.

7 (b) The segregated account shall include:

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

9 (2) money deposited to the account by a nonprofit health service plan,
10 in accordance with subsections (c) and (d) of this section.

11 (c) (1) On or before April 1, 2003 and quarterly thereafter, the nonprofit
12 health service plan required to subsidize the Program under § 14-106(d) of this title
13 shall deposit to the Fund under § 14-504 of this subtitle the amount that is necessary
14 to operate and administer the Program for the following quarter.

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

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

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

22 (d) **[A] IN ADDITION TO THE AMOUNT DEPOSITED UNDER SUBSECTION**
23 **(C) OF THIS SECTION,** A nonprofit health service plan shall deposit in the Fund under
24 § 14-504 of this subtitle the amount required under § 14-106.2 of this title to be used
25 for the purpose of subsidizing the Medicare Part D coverage gap.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 July 1, 2009.