

SENATE BILL 813

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CF 9lr0700

By: **Senator Jones**

Introduced and read first time: February 6, 2009

Assigned to: Finance and Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Health Care Affordability Act of 2009**

3 FOR the purpose of establishing a Maryland Institute for Clinical Value; establishing
4 the purpose of and requirements for the Institute; establishing a Value-Based
5 Advisory Committee in the Institute; establishing the purpose and composition
6 of the Committee; establishing a Citizens Advisory Council in the Institute;
7 establishing the purpose, composition, and responsibilities of the Council;
8 establishing a Maryland Prevention Trust for Health Promotion in the
9 Institute; establishing the purpose and responsibilities of the Trust; altering
10 eligibility requirements for the Maryland Medical Assistance Program;
11 requiring the Department of Health and Mental Hygiene to collect a certain
12 premium from certain enrollees; authorizing an individual who is eligible for the
13 Program and who is offered employer-sponsored insurance to make a certain
14 election, under certain circumstances; requiring the Program to pay a certain
15 portion of a health insurance premium or a certain subsidy, under certain
16 circumstances; establishing an Evidence-Based Prescriber Education and
17 Outreach Program in the Department; establishing the purpose and
18 requirements of the Program; requiring the Department, beginning on a certain
19 date and in consultation with certain health occupation boards, to work with the
20 University of Maryland School of Pharmacy for a certain purpose; authorizing
21 the Department to contract with the School of Pharmacy to administer the
22 Program; authorizing the Department to adopt certain regulations; establishing
23 an Evidence-Based Prescriber Education and Outreach Program Fund;
24 establishing the purpose, administration, sources and uses of the Fund;
25 providing that expenditures from the Fund may be made only in accordance
26 with the State budget; requiring certain pharmaceutical manufacturers and
27 labelers to pay a certain fee to the Department; authorizing the Department to
28 reduce the fee under certain circumstances; requiring the Department to
29 deposit all fees collected in the Fund; establishing a Maryland Health Insurance
30 Pool as an independent unit of State government; establishing the purpose of
31 the Pool; providing that the exercise by the Pool of certain powers is the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 performance of an essential public function; requiring the Pool to be subject to
2 the State Open Meetings Law and the State Tort Claims Act; exempting the
3 Pool from certain provisions of State law; establishing a Board of Directors of
4 the Pool; requiring the Pool to operate subject to the supervision and control of
5 the Board; providing for the membership of the Board; providing that a member
6 of the Board is entitled to reimbursement for certain expenses; providing for the
7 powers, duties, staffing, and election of a chairman and vice-chairman of the
8 Board; establishing eligibility requirements for participation in the Pool;
9 requiring, on or before a certain date, the Pool to be the sole mechanism for
10 creditable coverage for certain individuals and a carrier to only insure or offer to
11 insure certain individuals as a participating carrier in the Pool; requiring the
12 Pool to offer certain health benefit plans; establishing certain requirements for
13 the Board and participating carriers with respect to loss ratios, benefit
14 packages, issuance, renewal, and rates of health benefit plans offered through
15 the Pool; requiring the Board, on or before a certain date, to make a certain
16 determination; authorizing the Board, based on its determination, to take
17 certain actions with response to certain individuals seeking to enroll in the Pool;
18 requiring health benefit plans offered through the Pool to incorporate certain
19 chronic care improvement and preventive health measures; requiring the Pool
20 to subsidize health benefit plan coverage for certain enrollees; establishing
21 certain requirements for the subsidy; establishing a Maryland Catastrophic
22 Reinsurance Benefit Plan; establishing the administration, purpose,
23 requirements, and funding of the Plan; establishing a Healthy Maryland Fund;
24 establishing the purpose, administration, sources, and uses of the Fund;
25 requiring the Board to maintain a separate account within the Fund for the
26 Senior Prescription Drug Assistance Program; requiring the Board to expend
27 certain amounts for certain purposes; requiring the Treasurer to invest the
28 money of the Fund in a certain manner; providing that any investment earnings
29 of the Fund shall be retained to the credit of the Fund; requiring expenditures
30 from the Fund to be made only in accordance with the State budget; requiring
31 an employer to pay to the Secretary of the Department of Labor, Licensing, and
32 Regulation a certain amount; prohibiting an employer from deducting a certain
33 payment from the wages of an employee; requiring an employer to make a
34 certain payment to the Secretary on a certain periodic basis; establishing a
35 certain penalty for failure to make the payment; requiring the Secretary to
36 adopt certain regulations and pay certain revenue into the Healthy Maryland
37 Fund; altering the authorized uses for the Cigarette Restitution Fund;
38 requiring, beginning in a certain fiscal year, certain revenue realized by the
39 Fund to be deposited into the Healthy Maryland Fund; altering certain alcoholic
40 beverage tax rates; requiring certain additional alcoholic beverage tax revenue
41 to be distributed to the Healthy Maryland Fund; altering certain tobacco tax
42 rates; specifying the amount of tobacco tax revenue to be distributed to the
43 General Fund; requiring certain tobacco tax revenue to be distributed to the
44 Healthy Maryland Fund; imposing a penalty on the income tax of certain
45 individuals; providing that the penalty does not apply if certain individuals had
46 certain health care coverage; requiring the Comptroller to provide for certain
47 exceptions for certain individuals; requiring the Board of Directors of the
48 Maryland Health Insurance Pool to provide certain information to the

1 Comptroller for a certain purpose; requiring a taxpayer to indicate on the
2 income tax return the presence of certain health care coverage; requiring the
3 Comptroller to distribute certain revenues from the penalty to the Healthy
4 Maryland Fund; providing for the application of the tobacco tax to certain
5 cigarettes; requiring the Comptroller to publicize certain requirements for a
6 certain purpose; providing for a delayed effective date for certain provisions of
7 this Act; making certain conforming changes; defining certain terms; and
8 generally relating to the Health Care Affordability Act of 2009.

9 BY repealing
10 Article – Insurance
11 Section 14–501 through 14–509
12 Annotated Code of Maryland
13 (2006 Replacement Volume and 2008 Supplement)

14 BY repealing
15 Article – Labor and Employment
16 Section 8.5–101 through 8.5–107
17 Annotated Code of Maryland
18 (2008 Replacement Volume)

19 BY adding to
20 Article – Health – General
21 Section 13–2801 through 13–2805 to be under the new subtitle “Subtitle 28.
22 Maryland Institute for Clinical Value”; and 21–2B–01 through 21–2B–04
23 to be under the new subtitle “Subtitle 2B. Evidence–Based Prescriber
24 Education and Outreach Program”
25 Annotated Code of Maryland
26 (2005 Replacement Volume and 2008 Supplement)

27 BY repealing and reenacting, with amendments,
28 Article – Health – General
29 Section 15–103(a) and 19–214(d)
30 Annotated Code of Maryland
31 (2005 Replacement Volume and 2008 Supplement)

32 BY repealing and reenacting, without amendments,
33 Article – Health – General
34 Section 19–201(b)
35 Annotated Code of Maryland
36 (2005 Replacement Volume and 2008 Supplement)

37 BY repealing and reenacting, with amendments,
38 Article – Insurance
39 Section 14–510, 14–512(a), and 14–513
40 Annotated Code of Maryland
41 (2006 Replacement Volume and 2008 Supplement)

1 BY adding to
2 Article – Insurance
3 Section 14–801 through 14–813 to be under the new subtitle “Subtitle 8.
4 Maryland Health Insurance Pool”; and 14–901 and 14–902 to be under
5 the new subtitle “Subtitle 9. Healthy Maryland Fund”
6 Annotated Code of Maryland
7 (2006 Replacement Volume and 2008 Supplement)

8 BY adding to
9 Article – Labor and Employment
10 Section 8.5–101 through 8.5–104
11 Annotated Code of Maryland
12 (2008 Replacement Volume)

13 BY repealing and reenacting, without amendments,
14 Article – State Finance and Procurement
15 Section 7–317(a)
16 Annotated Code of Maryland
17 (2006 Replacement Volume and 2008 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – State Finance and Procurement
20 Section 7–317(f) and (g)
21 Annotated Code of Maryland
22 (2006 Replacement Volume and 2008 Supplement)

23 BY repealing and reenacting, with amendments,
24 Article – Tax – General
25 Section 2–301, 2–1603, 5–105, and 12–105
26 Annotated Code of Maryland
27 (2004 Replacement Volume and 2008 Supplement)

28 BY adding to
29 Article – Tax – General
30 Section 2–1604 and 10–106.2
31 Annotated Code of Maryland
32 (2004 Replacement Volume and 2008 Supplement)

33 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
34 MARYLAND, That Section(s) 14–501 through 14–509 of Article – Insurance of the
35 Annotated Code of Maryland be repealed.

36 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 8.5–101
37 through 8.5–107 of Article – Labor and Employment of the Annotated Code of
38 Maryland be repealed.

39 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
40 read as follows:

1 **Article - Health - General**

2 **SUBTITLE 28. MARYLAND INSTITUTE FOR CLINICAL VALUE.**

3 **13-2801.**

4 (A) **IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
5 **INDICATED.**

6 (B) **“COMMITTEE” MEANS THE VALUE-BASED ADVISORY COMMITTEE.**

7 (C) **“COUNCIL” MEANS THE CITIZENS ADVISORY COUNCIL.**

8 (D) **“INSTITUTE” MEANS THE MARYLAND INSTITUTE FOR CLINICAL**
9 **VALUE.**

10 (E) **“TRUST” MEANS THE MARYLAND PREVENTION TRUST FOR HEALTH**
11 **PROMOTION.**

12 **13-2802.**

13 (A) **THERE IS A MARYLAND INSTITUTE FOR CLINICAL VALUE.**

14 (B) **THE PURPOSE OF THE INSTITUTE IS TO DEVELOP AND IMPLEMENT**
15 **POLICIES AND STRATEGIES THAT DIRECT HEALTH CARE SPENDING TOWARDS**
16 **SERVICES THAT:**

17 (1) **ARE EVIDENCE-BASED;**

18 (2) **PROVIDE SIGNIFICANT BENEFIT AND VALUE TO CONSUMERS;**

19 **AND**

20 (3) **IMPROVE PUBLIC HEALTH.**

21 (C) **TO CARRY OUT ITS PURPOSE THE INSTITUTE SHALL:**

22 (1) **ADOPT BEST PRACTICES FROM PUBLIC AND PRIVATE PAYERS**
23 **AND PURCHASERS;**

24 (2) **USE CLINICAL AND ECONOMIC ASSESSMENTS FROM THE**
25 **FEDERAL AGENCY FOR HEALTHCARE RESEARCH AND QUALITY, AS WELL AS**
26 **OTHER PUBLIC AND PRIVATE ORGANIZATIONS;**

1 (3) **IDENTIFY PRIORITIES FOR IMPLEMENTATION; AND**

2 (4) **COORDINATE IMPLEMENTATION EFFORTS.**

3 (D) (1) **THE INSTITUTE SHALL DEVELOP PATIENT COST-SHARING**
4 **AND PROVIDER REIMBURSEMENT POLICIES FOR HEALTH CARE SERVICES**
5 **COVERED BY PARTICIPATING CARRIERS IN THE MARYLAND HEALTH**
6 **INSURANCE POOL UNDER TITLE 14, SUBTITLE 8 OF THE INSURANCE ARTICLE.**

7 (2) (I) **TO PROMOTE DELIVERY AND UTILIZATION OF HEALTH**
8 **CARE SERVICES WITH DEMONSTRATED VALUE, PATIENT COST-SHARING FOR**
9 **EACH HEALTH CARE SERVICE SHALL BE LINKED TO THE COST-EFFECTIVENESS**
10 **OF THE SERVICE.**

11 (II) **PATIENT COST-SHARING FOR HEALTH CARE SERVICES**
12 **DETERMINED BY THE INSTITUTE AS HIGHLY COST-EFFECTIVE SHALL BE LOWER**
13 **THAN PATIENT COST-SHARING FOR HEALTH CARE SERVICES DETERMINED BY**
14 **THE INSTITUTE AS NOT HIGHLY COST-EFFECTIVE.**

15 (III) **FOR HEALTH CARE SERVICES THAT ARE EXPERIMENTAL**
16 **AND WHOSE CLINICAL EFFECTIVENESS IS PROMISING BUT HAS NOT YET BEEN**
17 **DEMONSTRATED, THE INSTITUTE MAY ESTABLISH PATIENT COST-SHARING**
18 **THAT ENCOURAGES PARTICIPATION IN CLINICAL TRIALS.**

19 (IV) **IN SOME CASES, COVERAGE FOR HEALTH CARE**
20 **SERVICES THAT ARE EXPERIMENTAL MAY BE AVAILABLE ONLY TO PATIENTS**
21 **WHO PARTICIPATE IN CLINICAL TRIALS APPROVED BY THE INSTITUTE.**

22 (3) **THE PROVIDER REIMBURSEMENT POLICIES DEVELOPED BY**
23 **THE INSTITUTE SHALL REWARD FAVORABLE HEALTH CARE OUTCOMES,**
24 **QUALITY OF CARE, EFFICIENCY, AND PATIENT SAFETY.**

25 (4) **A CARRIER THAT SEEKS TO BE A PARTICIPATING CARRIER IN**
26 **THE MARYLAND HEALTH INSURANCE POOL UNDER TITLE 14, SUBTITLE 8 OF**
27 **THE INSURANCE ARTICLE SHALL BE REQUIRED TO IMPLEMENT THE POLICIES**
28 **ESTABLISHED BY THE INSTITUTE AND APPROVED BY THE COMMITTEE.**

29 (5) **PATIENT COST-SHARING AND PROVIDER REIMBURSEMENT**
30 **FOR HEALTH CARE SERVICES THAT ARE ELIGIBLE FOR A SUBSIDY FROM THE**
31 **MARYLAND CATASTROPHIC REINSURANCE BENEFIT PLAN UNDER TITLE 14,**
32 **SUBTITLE 8 OF THE INSURANCE ARTICLE SHALL BE SUBJECT TO THE POLICIES**
33 **ESTABLISHED BY THE INSTITUTE AND APPROVED BY THE COMMITTEE.**

1 **(E) THE INSTITUTE SHALL IDENTIFY AND FUND RESEARCH**
2 **INITIATIVES:**

3 **(1) THE RESULTS OF WHICH CAN BE USED TO ESTABLISH AND**
4 **IMPROVE THE INSTITUTE'S COST-SHARING AND REIMBURSEMENT POLICIES; OR**

5 **(2) THE FINDINGS OF WHICH WILL IMPROVE EFFORTS TO**
6 **COORDINATE CHRONIC CARE.**

7 **(F) THE INSTITUTE SHALL PUBLICIZE AND DISSEMINATE ITS POLICIES**
8 **AND STRATEGIES AMONG EMPLOYERS, HEALTH INSURANCE CARRIERS, AND**
9 **OTHER PUBLIC AND PRIVATE PAYERS.**

10 **(G) (1) TO PROMOTE THE SUCCESS OF ITS VALUE-BASED**
11 **INITIATIVES, THE INSTITUTE SHALL SUBSIDIZE:**

12 **(I) ELECTRONIC HEALTH RECORD SYSTEMS FOR**
13 **HOSPITALS AND PHYSICIAN GROUP PRACTICES; AND**

14 **(II) A STATEWIDE HEALTH INFORMATION EXCHANGE.**

15 **(2) (I) THE ELECTRONIC HEALTH RECORD SYSTEMS**
16 **SUBSIDIZED BY THE INSTITUTE SHALL MEET INSTITUTE GUIDELINES FOR**
17 **ELECTRONIC CARE MANAGEMENT SYSTEMS.**

18 **(II) THE ELECTRONIC CARE MANAGEMENT SYSTEMS SHALL**
19 **INCLUDE:**

20 **1. PATIENT AND DISEASE REGISTRIES;**

21 **2. CARE GUIDELINE SUPPORT SYSTEMS; AND**

22 **3. E-PRESCRIBING MODULES.**

23 **(III) THE INSTITUTE GUIDELINES FOR ELECTRONIC CARE**
24 **MANAGEMENT SYSTEMS SHALL REQUIRE ELECTRONIC HEALTH RECORD**
25 **SYSTEMS SUBSIDIZED BY THE INSTITUTE TO INCLUDE:**

26 **1. MANAGING REFERRALS;**

27 **2. PROCESSING CLAIMS WITH DIRECT DEPOSIT TO**
28 **PROVIDER ACCOUNTS;**

1 **3. PROCESSING PATIENT COST-SHARING AMOUNTS**
2 **WITH DIRECT DEBITS FROM ENROLLEE ACCOUNTS;**

3 **4. DEVELOPING A SHARED MINI-PATIENT RECORD,**
4 **TO EVENTUALLY BECOME A FULL MEDICAL RECORD;**

5 **5. ORDERING LABORATORY, IMAGING, AND OTHER**
6 **DIAGNOSTIC TESTS;**

7 **6. PRESCRIBING DRUGS AND DEVICES; AND**

8 **7. REAL-TIME MONITORING OF MEDICAL ERRORS**
9 **AND QUALITY IMPROVEMENT.**

10 **(3) (I) THE INSTITUTE SHALL AWARD SUBSIDIES FOR**
11 **ELECTRONIC HEALTH RECORD SYSTEMS ON A COMPETITIVE APPLICATION**
12 **BASIS.**

13 **(II) THE SUBSIDIES SHALL COVER:**

14 **1. APPROXIMATELY ONE-FOURTH OF THE COST OF**
15 **AN ELECTRONIC HEALTH RECORD SYSTEM FOR A HOSPITAL; AND**

16 **2. APPROXIMATELY ONE-HALF OF THE COST OF AN**
17 **ELECTRONIC HEALTH RECORD SYSTEM FOR A PHYSICIAN GROUP PRACTICE,**
18 **WITH LARGER GROUP PRACTICES RECEIVING PRIORITY OVER SMALLER GROUP**
19 **PRACTICES.**

20 **(III) NOTWITHSTANDING ITEM (II)2 OF THIS PARAGRAPH,**
21 **THE INSTITUTE SHALL ALSO AWARD SUBSIDIES TO SOLO PRACTITIONERS FOR**
22 **PARTICIPATION IN A SHARED WEB-BASED ELECTRONIC HEALTH RECORD PILOT**
23 **PROGRAM DEVELOPED BY THE INSTITUTE.**

24 **(IV) TO RECEIVE A SUBSIDY, A SOLO PRACTITIONER OR**
25 **PHYSICIAN GROUP PRACTICE MUST AGREE TO SERVE AS A MEDICAL HOME FOR**
26 **ENROLLEES RECEIVING COVERAGE THROUGH THE MARYLAND HEALTH**
27 **INSURANCE POOL.**

28 **(4) (I) THE INSTITUTE SHALL SUBSIDIZE THE COST OF A**
29 **STATEWIDE HEALTH INFORMATION EXCHANGE DURING AN INITIAL 5-YEAR**
30 **START-UP PERIOD.**

1 **(II) AFTER THE INITIAL 5-YEAR START-UP PERIOD, THE**
2 **STATEWIDE HEALTH INFORMATION EXCHANGE SHALL BE FUNDED FROM USER**
3 **FEEES ON PRIVATE INSURERS.**

4 **13-2803.**

5 **(A) THERE IS A VALUE-BASED ADVISORY COMMITTEE IN THE**
6 **INSTITUTE.**

7 **(B) THE PURPOSE OF THE COMMITTEE IS TO REVIEW AND APPROVE**
8 **THE POLICIES AND GUIDELINES OF THE INSTITUTE.**

9 **(C) THE COMMITTEE SHALL CONSIST OF INDIVIDUALS, APPOINTED BY**
10 **THE GOVERNOR, REPRESENTING CONSUMERS, BUSINESS, LABOR, HEALTH**
11 **CARE PROVIDERS, ECONOMISTS, HEALTH SERVICES RESEARCHERS, AND**
12 **HEALTH INSURANCE CARRIERS.**

13 **13-2804.**

14 **(A) THERE IS A CITIZENS ADVISORY COUNCIL IN THE INSTITUTE.**

15 **(B) THE PURPOSE OF THE COUNCIL IS TO PROMOTE CITIZEN**
16 **PARTICIPATION IN HEALTH CARE REFORM EFFORTS, INCLUDING THE DESIGN**
17 **OF THE PROCESS FOR VALUE-BASED COVERAGE.**

18 **(C) THE COUNCIL SHALL CONSIST OF HEALTH CARE CONSUMERS AND**
19 **PROVIDERS WHO REFLECT THE RACIAL AND ETHNIC DIVERSITY OF THE STATE'S**
20 **POPULATION.**

21 **(D) THE COUNCIL SHALL:**

22 **(1) COORDINATE BENEFICIARY FEEDBACK, INCLUDING:**

23 **(I) OUTREACH SURVEYS; AND**

24 **(II) FORMAL FOCUS GROUPS;**

25 **(2) ESTABLISH A COMPREHENSIVE DISPUTE RESOLUTION**
26 **PROCESS TO HANDLE ENROLLEE AND PROVIDER COMPLAINTS RELATED TO**
27 **HEALTH CARE ACCESS, BILLING, PRIVACY, AND QUALITY ISSUES; AND**

28 **(3) PRODUCE ANNUAL RECOMMENDATIONS FOR IMPROVING THE**
29 **OPERATIONS OVERSEEN BY THE BOARD OF THE MARYLAND HEALTH**
30 **INSURANCE POOL.**

1 **13-2805.**

2 (A) **THERE IS A MARYLAND PREVENTION TRUST FOR HEALTH**
3 **PROMOTION IN THE INSTITUTE.**

4 (B) **THE PURPOSE OF THE TRUST IS TO REDUCE HEALTH DISPARITIES**
5 **BY:**

6 (1) **IMPLEMENTING CULTURALLY AND LINGUISTICALLY**
7 **APPROPRIATE HEALTH PREVENTION AND PROMOTION INITIATIVES; AND**

8 (2) **COLLABORATING WITH AND INTEGRATING ONGOING**
9 **ACTIVITIES IN PUBLIC AND PRIVATE ORGANIZATIONS.**

10 (C) **TO CARRY OUT ITS PURPOSE, THE TRUST SHALL ALLOCATE FUNDS,**
11 **AS DESCRIBED IN THIS SECTION, FOR:**

12 (1) **PUBLIC HEALTH INNOVATION GRANTS IN LOCAL HEALTH**
13 **DEPARTMENTS;**

14 (2) **PROGRAMS AND INITIATIVES THAT SEEK TO PREVENT**
15 **ADDICTION TO ALCOHOL AND OTHER DRUGS;**

16 (3) **TOBACCO PREVENTION AND CESSATION PROGRAMS;**

17 (4) **PROGRAMS AND INITIATIVES THAT SEEK TO IMPROVE ACCESS**
18 **TO MEDICAL CARE BY INCREASING THE SUPPLY OF HEALTH CARE PROVIDERS;**
19 **AND**

20 (5) **PROMOTION OF ADVANCE DIRECTIVES.**

21 (D) **THE TRUST SHALL PROVIDE GRANTS TO LOCAL HEALTH**
22 **DEPARTMENTS FOR PUBLIC HEALTH EFFORTS THAT ADDRESS:**

23 (1) **OBESITY, CARDIOVASCULAR DISEASE, ALCOHOL AND OTHER**
24 **DRUG PROBLEMS, AND DIABETES;**

25 (2) **INJURIES AND VIOLENCE;**

26 (3) **SEXUALLY TRANSMITTED DISEASES AND HIV; AND**

27 (4) **VACCINATION AGAINST DISEASES.**

1 **(E) THE TRUST SHALL PROVIDE GRANTS TO PROGRAMS AND**
2 **INITIATIVES THAT SEEK TO PREVENT ADDICTION TO ALCOHOL AND OTHER**
3 **DRUGS, INCLUDING:**

4 **(1) ALCOHOL AND DRUG ABUSE PREVENTION PROGRAMS IN**
5 **LOCAL JURISDICTIONS THAT RECEIVE FUNDS FROM THE ALCOHOL AND DRUG**
6 **ABUSE ADMINISTRATION;**

7 **(2) INITIATIVES THAT TARGET CO-OCCURRING DISORDERS;**

8 **(3) OTHER PROGRAMS THAT PROMOTE THE USE OF**
9 **EVIDENCE-BASED PREVENTION MEASURES, SUCH AS THOSE RECOGNIZED BY**
10 **THE FEDERAL CENTERS FOR DISEASE CONTROL AND PREVENTION GUIDE TO**
11 **COMMUNITY PREVENTIVE SERVICES; AND**

12 **(4) STATEWIDE MEDIA-BASED EDUCATIONAL CAMPAIGNS**
13 **DIRECTED AT REDUCING ALCOHOL AND OTHER DRUG-RELATED HARM,**
14 **PARTICULARLY AMONG TEENS.**

15 **(F) THE TRUST SHALL PROVIDE GRANTS TO TOBACCO PREVENTION**
16 **AND CESSATION PROGRAMS SO THAT TOTAL STATE FUNDS FOR THESE**
17 **PROGRAMS ATTAIN THE SPENDING LEVEL RECOMMENDED BY THE FEDERAL**
18 **CENTERS FOR DISEASE CONTROL AND PREVENTION.**

19 **(G) THE TRUST SHALL PROVIDE GRANTS TO ORGANIZATIONS AND**
20 **PROGRAMS THAT IMPROVE ACCESS TO HEALTH CARE BY INCREASING THE**
21 **SUPPLY OF HEALTH CARE PROVIDERS, INCLUDING:**

22 **(1) COMMUNITY HEALTH CENTERS;**

23 **(2) LOAN FORGIVENESS PROGRAMS FOR PRIMARY CARE**
24 **CLINICIANS WHOSE PRACTICE FOCUSES ON UNDERSERVED POPULATIONS IN**
25 **EITHER RURAL AREAS OR INNER CITIES; AND**

26 **(3) PROGRAMS THAT TRAIN AND UPGRADE THE QUALIFICATIONS**
27 **OF HEALTH CARE PERSONNEL.**

28 **(H) (1) THE TRUST SHALL PROVIDE FUNDS TO ADDRESS RACIAL,**
29 **ETHNIC, DISABILITY, AND SOCIOECONOMIC DISPARITIES THAT CONTRIBUTE TO**
30 **POOR HEALTH OUTCOMES AND PREVENTABLE INCARCERATION IN THE STATE.**

31 **(2) FUNDS SHALL BE PROVIDED TO THE OFFICE OF MINORITY**
32 **HEALTH AND HEALTH DISPARITIES IN THE DEPARTMENT TO:**

1 **(I) CREATE A MINORITY AND LOW-INCOME HEALTH**
2 **REPORT CARD THAT DESCRIBES THE CURRENT HEALTH STATUS OF RACIAL**
3 **AND ETHNIC MINORITIES AND LOW INCOME PERSONS WITH RESPECT TO:**

- 4 1. **COVERAGE;**
- 5 2. **ACCESS TO CARE;**
- 6 3. **QUALITY OF CARE;**
- 7 4. **TREATMENT; AND**
- 8 5. **HEALTH OUTCOMES, IN TERMS OF MORBIDITY**
9 **AND MORTALITY WITH RESPECT TO SPECIFIC HEALTH CONDITIONS; AND**

10 **(II) IMPROVE DATA COLLECTION FOR RACIAL AND ETHNIC**
11 **MINORITY GROUPS IN ACCORDANCE WITH THE CATEGORIES IDENTIFIED BY THE**
12 **FEDERAL OFFICE OF MANAGEMENT AND BUDGET.**

13 **(3) FUNDS SHALL ALSO BE PROVIDED:**

14 **(I) FOR GRANTS TO HOSPITALS IN UNDERSERVED AREAS**
15 **AND COMMUNITY HEALTH CENTERS TO DEVELOP OR EXPAND AND OFFER**
16 **DISEASE-SPECIFIC OR POPULATION-SPECIFIC PROGRAMS TO REDUCE**
17 **DISPARITIES;**

18 **(II) TO INCREASE FUNDING FOR HEALTH CARE PROVIDERS**
19 **FOR TRANSLATION AND OTHER SUPPORT SERVICES TO IMPROVE SERVICES FOR**
20 **UNDERSERVED POPULATIONS WHOSE PRIMARY LANGUAGE IS OTHER THAN**
21 **ENGLISH; AND**

22 **(III) FOR GRANTS TO ESTABLISH A MARYLAND RACIAL AND**
23 **ETHNIC APPROACHES TO COMMUNITY HEALTH (REACH) COMMUNITY ACTION**
24 **PROGRAM MODELED AFTER REACH PROGRAMS FUNDED BY THE FEDERAL**
25 **CENTERS FOR DISEASE CONTROL AND PREVENTION TO IMPLEMENT**
26 **EVIDENCE-BASED PROGRAMS AND APPROACHES TO ADDRESS DISPARITIES IN**
27 **THE AREAS OF:**

- 28 1. **HEART DISEASE;**
- 29 2. **DIABETES;**
- 30 3. **BREAST CANCER AND CERVICAL CANCER;**

- 1 **4. IMMUNIZATIONS;**
2 **5. INFANT MORTALITY; AND**
3 **6. HIV/AIDS.**

4 **(4) TO RECEIVE FUNDS UNDER THIS SUBSECTION, AN APPLICANT**
5 **SHALL BE A COMMUNITY-BASED PARTNERSHIP THAT OFFERS PROGRAMS THAT**
6 **WILL IDENTIFY SPECIFIC DISPARITIES AND ENGAGE COMMUNITY**
7 **ORGANIZATIONS AND RESIDENTS IN IMPLEMENTING RESULTS-ORIENTED**
8 **STRATEGIES.**

9 **(I) THE TRUST SHALL PROVIDE FUNDS TO IMPLEMENT THE ADVANCE**
10 **DIRECTIVES REGISTRY ESTABLISHED UNDER TITLE 5, SUBTITLE 6 OF THIS**
11 **ARTICLE.**

12 15-103.

13 (a) (1) The Secretary shall administer the Maryland Medical Assistance
14 Program.

15 (2) The Program:

16 (i) Subject to the limitations of the State budget, shall provide
17 medical and other health care services for indigent individuals or medically indigent
18 individuals or both;

19 (ii) Shall provide, subject to the limitations of the State budget,
20 comprehensive medical and other health care services for all eligible pregnant women
21 whose family income is at or below 250 percent of the poverty level, as permitted by
22 the federal law;

23 (iii) Shall provide, subject to the limitations of the State budget,
24 comprehensive medical and other health care services for all eligible children
25 currently under the age of 1 whose family income falls below 185 percent of the
26 poverty level, as permitted by federal law;

27 (iv) Shall provide, subject to the limitations of the State budget,
28 family planning services to women currently eligible for comprehensive medical care
29 and other health care under item (ii) of this paragraph for 5 years after the second
30 month following the month in which the woman delivers her child;

31 (v) Shall provide, subject to the limitations of the State budget,
32 comprehensive medical and other health care services for all children from the age of 1
33 year up through and including the age of 5 years whose family income falls below 133
34 percent of the poverty level, as permitted by the federal law;

1 (vi) Shall provide, subject to the limitations of the State budget,
2 comprehensive medical care and other health care services for all children who are at
3 least 6 years of age but are under 19 years of age whose family income falls below 100
4 percent of the poverty level, as permitted by federal law;

5 (vii) Shall provide, subject to the limitations of the State budget,
6 comprehensive medical care and other health care services for all legal immigrants
7 who meet Program eligibility standards and who arrived in the United States before
8 August 22, 1996, the effective date of the federal Personal Responsibility and Work
9 Opportunity Reconciliation Act, as permitted by federal law;

10 (viii) Shall provide, subject to the limitations of the State budget
11 and any other requirements imposed by the State, comprehensive medical care and
12 other health care services for all legal immigrant children under the age of 18 years
13 and pregnant women who meet Program eligibility standards and who arrived in the
14 United States on or after August 22, 1996, the effective date of the federal Personal
15 Responsibility and Work Opportunity Reconciliation Act;

16 (ix) Beginning on July 1, [2008] **2009**, shall provide, subject to
17 the limitations of the State budget, and as permitted by federal law, comprehensive
18 medical care and other health care services for all parents and caretaker relatives:

19 1. Who have a dependent child living in the parents' or
20 caretaker relatives' home; and

21 2. Whose annual household income is at or below [116]
22 **300** percent of the poverty level;

23 (x) Beginning on July 1, [2008] **2009**, shall provide, subject to
24 the limitations of the State budget, and as permitted by federal law, medical care and
25 other health care services for adults:

26 1. Who do not meet requirements, such as age,
27 disability, or parent or caretaker relative of a dependent child, for a federal category of
28 eligibility for Medicaid;

29 2. Whose annual household income is at or below [116]
30 **200** percent of the poverty level; and

31 3. Who are not enrolled in the federal Medicare
32 program, as enacted by Title XVIII of the Social Security Act;

33 (xi) May include bedside nursing care for eligible Program
34 recipients; and

1 (xii) Shall provide services in accordance with funding
2 restrictions included in the annual State budget bill.

3 (3) Subject to restrictions in federal law or waivers, the Department
4 may:

5 (i) Impose cost-sharing on Program recipients; and

6 (ii) For adults who do not meet requirements for a federal
7 category of eligibility for Medicaid:

8 1. Cap enrollment; and

9 2. Limit the benefit package.

10 (4) (I) **SUBJECT TO RESTRICTIONS IN FEDERAL LAW OR**
11 **WAIVERS, AND SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE**
12 **DEPARTMENT SHALL COLLECT A PREMIUM OF \$50 PER MONTH FROM EACH**
13 **ENROLLEE WHO IS A PARENT OR CARETAKER RELATIVE AND:**

14 1. **WHO HAS A DEPENDENT CHILD LIVING IN THE**
15 **PARENT'S OR CARETAKER RELATIVE'S HOME; AND**

16 2. **WHOSE ANNUAL HOUSEHOLD INCOME IS**
17 **GREATER THAN 200 BUT NOT MORE THAN 300 PERCENT OF THE POVERTY**
18 **LEVEL.**

19 (II) **THE PREMIUM REQUIRED UNDER SUBPARAGRAPH (I)**
20 **OF THIS PARAGRAPH MAY NOT EXCEED 4 PERCENT OF HOUSEHOLD INCOME.**

21 (5) (I) **SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,**
22 **AN INDIVIDUAL WHO IS ELIGIBLE FOR THE PROGRAM AND WHO IS OFFERED**
23 **EMPLOYER-SPONSORED HEALTH INSURANCE MAY ELECT TO:**

24 1. **RECEIVE MEDICAL CARE AND OTHER HEALTH**
25 **CARE SERVICES THROUGH THE PROGRAM; OR**

26 2. **RECEIVE PREMIUM ASSISTANCE FOR THE**
27 **EMPLOYER-SPONSORED HEALTH INSURANCE.**

28 (II) **TO BE ELIGIBLE FOR PREMIUM ASSISTANCE, THE**
29 **ACTUARIAL VALUE OF THE BENEFITS IN THE EMPLOYER-SPONSORED HEALTH**
30 **INSURANCE MUST BE AT LEAST EQUIVALENT TO THE ACTUARIAL VALUE OF THE**
31 **BENEFITS IN A BASIC PLAN UNDER THE MARYLAND HEALTH INSURANCE POOL.**

1 **(III) IF AN INDIVIDUAL WHO IS ELIGIBLE FOR THE PROGRAM**
2 **IS OFFERED EMPLOYER-SPONSORED HEALTH INSURANCE FROM AN EMPLOYER**
3 **WITH MORE THAN 100 EMPLOYEES, THE PROGRAM SHALL PAY THE ENTIRE**
4 **PORTION OF THE HEALTH INSURANCE PREMIUM FOR WHICH THE EMPLOYEE IS**
5 **RESPONSIBLE.**

6 **(IV) IF AN INDIVIDUAL WHO IS ELIGIBLE FOR THE PROGRAM**
7 **IS OFFERED EMPLOYER-SPONSORED HEALTH INSURANCE FROM AN EMPLOYER**
8 **WITH 100 EMPLOYEES OR LESS, THE PROGRAM SHALL PAY THE SUBSIDY FOR**
9 **WHICH THE INDIVIDUAL IS ELIGIBLE UNDER § 14-811 OF THE INSURANCE**
10 **ARTICLE.**

11 **(6) AN INDIVIDUAL WITHOUT ACCESS TO EMPLOYER-SPONSORED**
12 **COVERAGE MAY ELECT TO:**

13 **(I) RECEIVE MEDICAL CARE AND OTHER HEALTH CARE**
14 **SERVICES THROUGH THE PROGRAM; OR**

15 **(II) RECEIVE PREMIUM ASSISTANCE FOR COVERAGE UNDER**
16 **THE MARYLAND HEALTH INSURANCE POOL.**

17 19-201.

18 (b) "Commission" means the State Health Services Cost Review Commission.

19 19-214.

20 (d) (1) Each year, the Commission shall assess a uniform, broad-based,
21 and reasonable amount in hospital rates to:

22 (i) Reflect the aggregate reduction in hospital uncompensated
23 care realized from the expansion of health care coverage under Chapter 7 of the Acts of
24 the 2007 Special Session of the General Assembly; and

25 (ii) Operate and administer the Maryland Health Insurance
26 [Plan] **POOL** established under Title 14, Subtitle [5] **8** of the Insurance Article.

27 (2) (i) For the portion of the assessment under paragraph (1)(i) of
28 this subsection:

29 1. The Commission shall ensure that the assessment
30 amount does not exceed the savings realized in averted hospital uncompensated care
31 from the health care coverage expansion; and

32 2. Each hospital shall remit its assessment amount to
33 the Health Care Coverage Fund established under §15-701 of this article.

1 (ii) Any savings realized in averted uncompensated care as a
2 result of the expansion of health care coverage under Chapter 7 of the Acts of the 2007
3 Special Session of the General Assembly that are not subject to the assessment under
4 paragraph (1)(i) of this subsection shall be shared among purchasers of hospital
5 services in a manner that the Commission determines is most equitable.

6 (3) For the portion of the assessment under paragraph (1)(ii) of this
7 subsection:

8 (i) The Commission shall ensure that the assessment:

9 1. Shall be included in the reasonable costs of each
10 hospital when establishing the hospital's rates;

11 2. May not be considered in determining the
12 reasonableness of rates or hospital financial performance under Commission
13 methodologies; and

14 3. May not be less as a percentage of net patient revenue
15 than the assessment of .8128% that was in existence on July 1, 2007; and

16 (ii) Each hospital shall remit monthly one-twelfth of the
17 amount assessed under paragraph (1)(ii) of this subsection to the [Maryland Health
18 Insurance Plan] **HEALTHY MARYLAND** Fund established under Title 14, Subtitle [5]
19 **9** of the Insurance Article, for the purpose of operating and administering the
20 Maryland Health Insurance [Plan] **POOL**.

21 (4) The assessment authorized under paragraph (1) of this subsection
22 may not exceed 3% in the aggregate of any hospital's total net regulated patient
23 revenue.

24 (5) Funds generated from the assessment under this subsection may
25 be used only to:

26 (i) Supplement coverage under the Medical Assistance Program
27 beyond the eligibility requirements in existence on January 1, 2008; and

28 (ii) Provide funding for the operation and administration of the
29 Maryland Health Insurance [Plan] **POOL**.

30 **SUBTITLE 2B. EVIDENCE-BASED PRESCRIBER EDUCATION AND OUTREACH**
31 **PROGRAM.**

32 **21-2B-01.**

1 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
2 INDICATED.

3 (B) "FUND" MEANS THE EVIDENCE-BASED PRESCRIBER EDUCATION
4 AND OUTREACH PROGRAM FUND.

5 (C) "LABELER" MEANS A PERSON THAT:

6 (1) RECEIVES PRESCRIPTION DRUGS OR BIOLOGICAL PRODUCTS
7 FROM A MANUFACTURER OR WHOLESALE DISTRIBUTOR;

8 (2) REPACKAGES THE PRESCRIPTION DRUGS OR BIOLOGICAL
9 PRODUCTS FOR LATER RESALE; AND

10 (3) HAS A LABELER CODE FROM THE FEDERAL FOOD AND DRUG
11 ADMINISTRATION UNDER § 207.20 OF C.F.R., TITLE 21.

12 (D) "PHARMACEUTICAL MANUFACTURER" MEANS A MANUFACTURER,
13 OR AN AFFILIATE OF A MANUFACTURER, OF PRESCRIPTION DRUGS OR
14 BIOLOGICAL PRODUCTS.

15 (E) "PROGRAM" MEANS THE EVIDENCE-BASED PRESCRIBER
16 EDUCATION AND OUTREACH PROGRAM.

17 (F) (1) "STATE HEALTH CARE PROGRAM" MEANS A PROGRAM OR
18 FACILITY SERVING INDIVIDUALS FOR WHOM THE STATE PURCHASES
19 PRESCRIPTION DRUGS OR PHARMACEUTICAL SERVICES.

20 (2) "STATE HEALTH CARE PROGRAM" INCLUDES THE MEDICAL
21 ASSISTANCE PROGRAM, THE STATE EMPLOYEE AND RETIREE HEALTH AND
22 WELFARE BENEFITS PROGRAM, STATE HOSPITALS, AND STATE CORRECTIONAL
23 FACILITIES.

24 21-2B-02.

25 (A) THERE IS AN EVIDENCE-BASED PRESCRIBER EDUCATION AND
26 OUTREACH PROGRAM IN THE DEPARTMENT.

27 (B) THE PURPOSE OF THE PROGRAM IS TO IMPROVE HEALTH
28 OUTCOMES AND REDUCE UNNECESSARY COSTS BY ENSURING THAT HEALTH
29 CARE PROFESSIONALS HAVE BALANCED AND UNBIASED EVIDENCE-BASED
30 INFORMATION READILY AVAILABLE TO SUPPORT THEIR PRESCRIBING
31 DECISIONS.

1 **(C) BEGINNING APRIL 1, 2011, THE DEPARTMENT, IN CONSULTATION**
2 **WITH THE MARYLAND BOARD OF PHYSICIANS AND THE STATE BOARD OF**
3 **PHARMACY, AND SUBJECT TO THE AVAILABILITY OF FUNDS:**

4 **(1) SHALL WORK WITH THE UNIVERSITY OF MARYLAND SCHOOL**
5 **OF PHARMACY TO DEVELOP, IMPLEMENT, AND PROMOTE THE PROGRAM; AND**

6 **(2) MAY CONTRACT WITH THE UNIVERSITY OF MARYLAND**
7 **SCHOOL OF PHARMACY TO ADMINISTER THE PROGRAM.**

8 **(D) THE PROGRAM SHALL PROVIDE HEALTH CARE PROFESSIONALS**
9 **AUTHORIZED BY LAW TO PRESCRIBE OR DISPENSE PRESCRIPTION DRUGS WITH**
10 **INFORMATION AND EDUCATION:**

11 **(1) ON THE COMPARATIVE EFFICACY, SAFETY, AND**
12 **COST-EFFECTIVENESS OF PRESCRIPTION DRUGS; AND**

13 **(2) PRIMARILY THROUGH IN-PERSON OUTREACH AND**
14 **EDUCATION SESSIONS, ON A ONE-TO-ONE BASIS WHEN PRACTICABLE, IN THE**
15 **WORKPLACE OF THE HEALTH CARE PROFESSIONALS.**

16 **(E) (1) THE PROGRAM SHALL PROVIDE THE INFORMATION AND**
17 **EDUCATION UNDER SUBSECTION (D) OF THIS SECTION TO HEALTH CARE**
18 **PROFESSIONALS WHO PARTICIPATE IN, CONTRACT WITH, OR ARE REIMBURSED**
19 **BY STATE HEALTH CARE PROGRAMS.**

20 **(2) THE PROGRAM MAY PROVIDE THE INFORMATION AND**
21 **EDUCATION UNDER SUBSECTION (D) OF THIS SECTION TO OTHER HEALTH CARE**
22 **PROFESSIONALS AS FUNDING PERMITS OR FOR A FEE.**

23 **(F) THE INFORMATIONAL AND EDUCATIONAL MATERIALS USED IN THE**
24 **PROGRAM:**

25 **(1) SHALL BE BASED ON A BALANCED AND COMPREHENSIVE**
26 **REVIEW OF EVIDENCE THAT IS ACCEPTED WITHIN THE PRACTICE OF MEDICINE,**
27 **INCLUDING SCIENTIFIC RESEARCH THAT CONFORMS TO THE GENERALLY**
28 **ACCEPTED STANDARDS OF EXPERIMENTAL DESIGN, DATA COLLECTION,**
29 **ANALYSIS, AND INTERPRETATION; AND**

30 **(2) SHALL AIM TO PROVIDE UNBIASED CONTINUING EDUCATION**
31 **ON THE COMPARATIVE EFFICACY, SAFETY, AND COST-EFFECTIVENESS OF**
32 **PRESCRIPTION DRUGS.**

1 **(G) THE DEPARTMENT, WORKING WITH THE UNIVERSITY OF**
2 **MARYLAND SCHOOL OF PHARMACY, SHALL DETERMINE, FOR INDIVIDUALS**
3 **CONDUCTING OUTREACH AND EDUCATION SESSIONS:**

4 **(1) MINIMUM CLINICAL AND EDUCATIONAL QUALIFICATIONS;**

5 **(2) REQUIRED TRAINING;**

6 **(3) A CODE OF CONDUCT GOVERNING INTERACTIONS WITH**
7 **HEALTH CARE PROFESSIONALS; AND**

8 **(4) CONFLICT OF INTEREST GUIDELINES.**

9 **(H) THE DEPARTMENT MAY ADOPT REGULATIONS TO CARRY OUT THE**
10 **REQUIREMENTS OF THIS SUBTITLE.**

11 **21-2B-03.**

12 **(A) THERE IS AN EVIDENCE-BASED PRESCRIBER EDUCATION AND**
13 **OUTREACH PROGRAM FUND.**

14 **(B) THE PURPOSE OF THE FUND IS TO SUPPORT THE OPERATION OF**
15 **THE PROGRAM.**

16 **(C) THE DEPARTMENT SHALL ADMINISTER THE FUND.**

17 **(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
18 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

19 **(2) THE STATE TREASURER SHALL HOLD THE FUND**
20 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

21 **(E) THE FUND CONSISTS OF:**

22 **(1) FEES COLLECTED FROM PHARMACEUTICAL MANUFACTURERS**
23 **AND LABELERS UNDER § 21-2B-04 OF THIS SUBTITLE;**

24 **(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**
25 **AND**

26 **(3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**
27 **FOR THE BENEFIT OF THE FUND.**

28 **(F) THE FUND MAY BE USED ONLY FOR:**

1 (1) **PRESCRIBER INFORMATION, EDUCATION, AND OUTREACH**
 2 **ACTIVITIES, AS PROVIDED UNDER § 21-2B-02 OF THIS SUBTITLE; AND**

3 (2) **ADMINISTRATION OF THE PROGRAM.**

4 (G) (1) **THE STATE TREASURER SHALL INVEST THE MONEY OF THE**
 5 **FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

6 (2) **ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**
 7 **CREDITED TO THE GENERAL FUND OF THE STATE.**

8 (H) **EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN**
 9 **ACCORDANCE WITH THE STATE BUDGET.**

10 **21-2B-04.**

11 (A) **BEGINNING APRIL 1, 2010, AND ANNUALLY THEREAFTER, EACH**
 12 **PHARMACEUTICAL MANUFACTURER AND LABELER DOING BUSINESS IN THE**
 13 **STATE SHALL PAY A FEE OF \$2,500 TO THE DEPARTMENT.**

14 (B) **THE DEPARTMENT MAY REDUCE THE FEE TO BE PAID UNDER**
 15 **SUBSECTION (A) OF THIS SECTION FOR A PHARMACEUTICAL MANUFACTURER**
 16 **OR LABELER WHOSE VOLUME OF BUSINESS IN THE STATE JUSTIFIES A FEE**
 17 **REDUCTION, AS DETERMINED BY THE DEPARTMENT.**

18 (C) **THE DEPARTMENT SHALL DEPOSIT ALL FEES COLLECTED UNDER**
 19 **THIS SECTION IN THE EVIDENCE-BASED PRESCRIBER EDUCATION AND**
 20 **OUTREACH PROGRAM FUND ESTABLISHED UNDER § 21-2B-03 OF THIS**
 21 **ARTICLE.**

22 **Article – Insurance**

23 **14-510.**

24 (a) In Part II of this subtitle the following words have the meanings
 25 indicated.

26 (B) **“BOARD” MEANS THE BOARD OF DIRECTORS OF THE MARYLAND**
 27 **HEALTH INSURANCE POOL.**

28 [(b)] (C) **“Eligible individual” means an individual who:**

29 (1) is a resident of Maryland;

1 (2) is a Medicare beneficiary enrolled in the Medicare Part D
2 Voluntary Prescription Drug Benefit Program or a Medicare Advantage Plan that
3 provides Part D coverage;

4 (3) is not enrolled in a health benefit plan, other than a Medicare Part
5 D prescription drug plan or a Medicare Advantage Plan, that provides prescription
6 drug benefits at the time that the individual applies for enrollment in the Program;

7 (4) has an annual household income at or below 300% of the federal
8 poverty guidelines;

9 (5) is not eligible for a full federal low-income subsidy under 42 C.F.R.
10 § 423.772; and

11 (6) pays the premium, and copayments or coinsurance, for the
12 Program.

13 [(c)] (D) “Enrollee” means an individual enrolled in the Program.

14 (E) **“FUND” MEANS THE HEALTHY MARYLAND FUND.**

15 [(d)] (F) “Program” means the Senior Prescription Drug Assistance
16 Program established under Part II of this subtitle.

17 14–512.

18 (a) The Program shall:

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

23 (2) provide the subsidy to the maximum number of individuals eligible
24 for enrollment in the Program, subject to the moneys available in the segregated
25 account under [§ 14–504 of this subtitle] **SUBTITLE 9 OF THIS TITLE.**

26 14–513.

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

28 (1) to a segregated account in the Fund established under [§ 14–504 of
29 this subtitle] **SUBTITLE 9 OF THIS TITLE;** or

30 (2) to a separate account for the Program established by the Program
31 Administrator.

1 (b) The segregated account shall include:

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

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

5 (c) (1) On or before April 1, 2003 and quarterly thereafter, the nonprofit
6 health service plan required to subsidize the Program under § 14–106(d) of this title
7 shall deposit to the Fund under [§ 14–504 of this subtitle] **SUBTITLE 9 OF THIS**
8 **TITLE** the amount that is necessary to operate and administer the Program for the
9 following quarter.

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

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

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

17 (d) A nonprofit health service plan shall deposit in the Fund under [§ 14–504
18 of this subtitle] **SUBTITLE 9 OF THIS TITLE** the amount required under § 14–106.2 of
19 this title to be used for the purpose of subsidizing the Medicare Part D coverage gap.

20 **SUBTITLE 8. MARYLAND HEALTH INSURANCE POOL.**

21 **14–801.**

22 (A) **IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
23 **INDICATED.**

24 (B) **“BOARD” MEANS THE BOARD OF DIRECTORS FOR THE MARYLAND**
25 **HEALTH INSURANCE POOL.**

26 (C) **“CARRIER” MEANS:**

27 (1) **AN INSURER;**

28 (2) **A NONPROFIT HEALTH SERVICE PLAN; OR**

29 (3) **A HEALTH MAINTENANCE ORGANIZATION.**

1 (D) **“LARGE EMPLOYER” MEANS AN EMPLOYER WITH MORE THAN 100**
2 **FULL-TIME EMPLOYEES.**

3 (E) **“PLAN” MEANS THE MARYLAND CATASTROPHIC REINSURANCE**
4 **BENEFIT PLAN.**

5 (F) **“POOL” MEANS THE MARYLAND HEALTH INSURANCE POOL.**

6 (G) **“SMALL EMPLOYER” MEANS AN EMPLOYER WITH AT LEAST TWO BUT**
7 **NOT MORE THAN 100 FULL-TIME EMPLOYEES.**

8 **14-802.**

9 (A) **THERE IS A MARYLAND HEALTH INSURANCE POOL.**

10 (B) **THE POOL IS AN INDEPENDENT UNIT OF THE STATE GOVERNMENT.**

11 (C) **THE PURPOSE OF THE POOL IS TO ACT AS A MECHANISM FOR**
12 **PURCHASERS IN THE INDIVIDUAL AND SMALL GROUP INSURANCE MARKETS TO**
13 **OBTAIN AFFORDABLE HEALTH CARE COVERAGE.**

14 (D) (1) **THE EXERCISE BY THE POOL OF THE POWERS CONFERRED BY**
15 **THIS SUBTITLE IS THE PERFORMANCE OF AN ESSENTIAL PUBLIC FUNCTION.**

16 (2) **THE POOL SHALL BE SUBJECT TO:**

17 (I) **THE STATE OPEN MEETINGS LAW, TITLE 10, SUBTITLE**
18 **5 OF THE STATE GOVERNMENT ARTICLE; AND**

19 (II) **THE STATE TORT CLAIMS ACT, TITLE 12, SUBTITLE 1**
20 **OF THE STATE GOVERNMENT ARTICLE.**

21 (3) **THE POOL SHALL BE EXEMPT FROM DIVISION II OF THE**
22 **STATE FINANCE AND PROCUREMENT ARTICLE.**

23 **14-803.**

24 (A) **THERE IS A BOARD OF DIRECTORS FOR THE POOL.**

25 (B) **THE POOL SHALL OPERATE SUBJECT TO THE SUPERVISION AND**
26 **CONTROL OF THE BOARD.**

27 (C) **THE BOARD CONSISTS OF THE FOLLOWING MEMBERS:**

1 (1) **THE SECRETARY OF HEALTH AND MENTAL HYGIENE, OR THE**
2 **SECRETARY'S DESIGNEE;**

3 (2) **THE EXECUTIVE DIRECTOR OF THE MARYLAND HEALTH**
4 **CARE COMMISSION, OR THE EXECUTIVE DIRECTOR'S DESIGNEE;**

5 (3) **THE EXECUTIVE DIRECTOR OF THE HEALTH SERVICES COST**
6 **REVIEW COMMISSION, OR THE EXECUTIVE DIRECTOR'S DESIGNEE;**

7 (4) **THE SECRETARY OF BUDGET AND MANAGEMENT, OR THE**
8 **SECRETARY'S DESIGNEE;**

9 (5) **THREE REPRESENTATIVES OF CONSUMERS, APPOINTED BY**
10 **THE DIRECTOR OF THE HEALTH, EDUCATION, AND ADVOCACY UNIT IN THE**
11 **OFFICE OF THE ATTORNEY GENERAL;**

12 (6) **ONE REPRESENTATIVE OF HEALTH INSURANCE CARRIERS IN**
13 **THE STATE, APPOINTED BY THE COMMISSIONER;**

14 (7) **ONE REPRESENTATIVE OF INSURANCE PRODUCERS SELLING**
15 **HEALTH INSURANCE IN THE STATE, APPOINTED BY THE COMMISSIONER;**

16 (8) **ONE REPRESENTATIVE OF HOSPITALS IN THE STATE,**
17 **APPOINTED BY THE GOVERNOR;**

18 (9) **TWO REPRESENTATIVES OF THE INTERESTS OF SMALL**
19 **BUSINESSES IN THE STATE, AT LEAST ONE OF WHOM IS A MINORITY BUSINESS**
20 **OWNER, APPOINTED BY THE GOVERNOR;**

21 (10) **ONE MEMBER IN GOOD STANDING OF THE AMERICAN**
22 **ACADEMY OF ACTUARIES, APPOINTED BY THE GOVERNOR;**

23 (11) **ONE HEALTH ECONOMIST, APPOINTED BY THE GOVERNOR;**

24 (12) **ONE EMPLOYEE HEALTH BENEFIT PLAN SPECIALIST,**
25 **APPOINTED BY THE GOVERNOR; AND**

26 (13) **TWO REPRESENTATIVES OF ORGANIZED LABOR, APPOINTED**
27 **BY THE GOVERNOR.**

28 (D) (1) **THE TERM OF AN APPOINTED MEMBER IS 4 YEARS.**

29 (2) **THE TERMS OF APPOINTED MEMBERS ARE STAGGERED.**

1 (3) **AT THE END OF A TERM A MEMBER CONTINUES TO SERVE**
2 **UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.**

3 (4) **A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN**
4 **SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS**
5 **APPOINTED AND QUALIFIES.**

6 (5) **A MEMBER WHO SERVES TWO CONSECUTIVE FULL 4-YEAR**
7 **TERMS MAY NOT BE REAPPOINTED FOR 4 YEARS AFTER COMPLETION OF THOSE**
8 **TERMS.**

9 (6) **WHEN APPOINTING A MEMBER TO FILL A VACANCY DUE TO**
10 **THE EXPIRATION OF A MEMBER'S TERM, THE GOVERNOR SHALL GIVE**
11 **CONSIDERATION TO APPOINTMENTS THAT PROMOTE THE RACIAL, GENDER, AND**
12 **GEOGRAPHIC DIVERSITY OF THE BOARD.**

13 (7) **THE GOVERNOR MAY REMOVE A MEMBER FOR NEGLECT OF**
14 **DUTY, INCOMPETENCE, OR MISCONDUCT.**

15 (E) **A MEMBER OF THE BOARD MAY NOT RECEIVE COMPENSATION AS A**
16 **MEMBER OF THE BOARD BUT IS ENTITLED TO REIMBURSEMENT FOR EXPENSES**
17 **UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE**
18 **STATE BUDGET.**

19 (F) **ANNUALLY, THE BOARD SHALL ELECT A CHAIR AND A VICE-CHAIR**
20 **FROM AMONG ITS MEMBERS.**

21 (G) (1) **A MAJORITY OF THE FULL AUTHORIZED MEMBERSHIP OF THE**
22 **BOARD IS A QUORUM.**

23 (2) **THE DECISION OF THE BOARD SHALL BE BY A MAJORITY OF**
24 **THE QUORUM PRESENT AND VOTING.**

25 **14-804.**

26 (A) (1) **THE BOARD SHALL APPOINT AN EXECUTIVE DIRECTOR WHO**
27 **SHALL BE THE CHIEF ADMINISTRATIVE OFFICER OF THE POOL.**

28 (2) **THE EXECUTIVE DIRECTOR SHALL SERVE AT THE PLEASURE**
29 **OF THE BOARD.**

30 (3) **THE BOARD SHALL DETERMINE THE APPROPRIATE**
31 **COMPENSATION FOR THE EXECUTIVE DIRECTOR.**

1 (4) UNDER THE DIRECTION OF THE BOARD, THE EXECUTIVE
2 DIRECTOR SHALL PERFORM ANY DUTY OR FUNCTION THAT IS NECESSARY FOR
3 THE OPERATION OF THE POOL.

4 (B) (1) THE EXECUTIVE DIRECTOR MAY EMPLOY A STAFF FOR THE
5 POOL IN ACCORDANCE WITH THE STATE BUDGET.

6 (2) STAFF FOR THE POOL ARE IN THE EXECUTIVE SERVICE,
7 MANAGEMENT SERVICE, OR ARE SPECIAL APPOINTMENTS IN THE STATE
8 PERSONNEL MANAGEMENT SYSTEM.

9 (3) THE EXECUTIVE DIRECTOR, IN CONSULTATION WITH THE
10 DEPARTMENT OF BUDGET AND MANAGEMENT, MAY DETERMINE THE
11 APPROPRIATE JOB CLASSIFICATIONS AND GRADES FOR ALL STAFF.

12 **14-805.**

13 (A) IN ADDITION TO THE POWERS SET FORTH ELSEWHERE IN THIS
14 SUBTITLE, THE BOARD MAY:

15 (1) ADOPT REGULATIONS TO CARRY OUT THE PROVISIONS OF
16 THIS SUBTITLE;

17 (2) CREATE COMMITTEES FROM AMONG ITS MEMBERS;

18 (3) APPOINT ADVISORY COMMITTEES, WHICH MAY INCLUDE
19 INDIVIDUALS AND REPRESENTATIVES OF INTERESTED PUBLIC OR PRIVATE
20 ORGANIZATIONS;

21 (4) APPLY FOR AND ACCEPT ANY FUNDS, PROPERTY, OR
22 SERVICES FROM ANY PERSON OR GOVERNMENT AGENCY;

23 (5) MAKE AGREEMENTS WITH A GRANTOR OR PAYOR OF FUNDS,
24 PROPERTY, OR SERVICES, INCLUDING AN AGREEMENT TO MAKE ANY STUDY,
25 PLAN, DEMONSTRATION, OR PROJECT;

26 (6) PUBLISH AND GIVE OUT ANY INFORMATION THAT RELATES TO
27 AFFORDABLE HEALTH CARE COVERAGE THAT IS CONSIDERED DESIRABLE IN
28 THE PUBLIC INTEREST; AND

29 (7) SUBJECT TO THE LIMITATIONS OF THIS SUBTITLE, EXERCISE
30 ANY OTHER POWER THAT IS REASONABLY NECESSARY TO CARRY OUT THE
31 PURPOSES OF THIS SUBTITLE.

1 **(B) IN ADDITION TO THE DUTIES SET FORTH ELSEWHERE IN THIS**
2 **SUBTITLE, THE BOARD SHALL:**

3 **(1) ADOPT RULES AND REGULATIONS THAT RELATE TO ITS**
4 **MEETINGS, MINUTES, AND TRANSACTIONS;**

5 **(2) KEEP MINUTES OF EACH MEETING;**

6 **(3) PREPARE ANNUALLY A BUDGET PROPOSAL THAT INCLUDES**
7 **THE ESTIMATED INCOME OF THE BOARD AND PROPOSED EXPENSES FOR ITS**
8 **ADMINISTRATION AND OPERATION; AND**

9 **(4) ON OR BEFORE OCTOBER 1 OF EACH YEAR, SUBMIT TO THE**
10 **GOVERNOR, THE SECRETARY OF HEALTH AND MENTAL HYGIENE, AND, IN**
11 **ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE**
12 **GENERAL ASSEMBLY AN ANNUAL REPORT ON THE OPERATIONS AND ACTIVITIES**
13 **OF THE BOARD.**

14 **14-806.**

15 **(A) ELIGIBILITY FOR PARTICIPATION IN THE POOL SHALL BE**
16 **AVAILABLE TO:**

17 **(1) INDIVIDUALS WITHOUT ACCESS TO EMPLOYER-SPONSORED**
18 **COVERAGE;**

19 **(2) SMALL EMPLOYERS;**

20 **(3) SUBJECT TO SUBSECTION (B) OF THIS SECTION, LARGE**
21 **EMPLOYERS; AND**

22 **(4) THE DEPENDENTS OF INDIVIDUALS ELIGIBLE FOR**
23 **PARTICIPATION UNDER ITEMS (1) THROUGH (3) OF THIS SUBSECTION.**

24 **(B) A LARGE EMPLOYER SHALL BE ELIGIBLE FOR PARTICIPATION IN**
25 **THE POOL IF:**

26 **(1) THE EMPLOYER AGREES NOT TO OFFER ANY SEPARATE OR**
27 **COMPETING HEALTH BENEFIT PLAN TO ITS EMPLOYEES; OR**

28 **(2) THE COVERAGE OFFERED BY THE LARGE EMPLOYER TO ITS**
29 **EMPLOYEES DOES NOT PROVIDE BENEFITS THAT ARE AT LEAST ACTUARIALLY**
30 **EQUIVALENT TO THE BENEFITS IN THE BASIC PLAN OFFERED THROUGH THE**
31 **POOL.**

1 **14-807.**

2 **BEGINNING JANUARY 1, 2011:**

3 **(1) THE POOL SHALL BE THE SOLE MECHANISM FOR CREDITABLE**
4 **COVERAGE FOR:**

5 **(I) AN INDIVIDUAL WITHOUT ACCESS TO**
6 **EMPLOYER-SPONSORED COVERAGE; AND**

7 **(II) EMPLOYEES OF SMALL EMPLOYERS; AND**

8 **(2) A CARRIER MAY ONLY INSURE OR OFFER TO INSURE AN**
9 **INDIVIDUAL WITHOUT ACCESS TO EMPLOYER-SPONSORED COVERAGE OR AN**
10 **EMPLOYEE OF A SMALL EMPLOYER AS A PARTICIPATING CARRIER IN THE POOL.**

11 **14-808.**

12 **(A) THE POOL SHALL OFFER, THROUGH ITS PARTICIPATING CARRIERS,**
13 **MULTIPLE HEALTH BENEFIT PLANS FOR CHOICE BY INDIVIDUAL ENROLLEES.**

14 **(B) THE POOL SHALL CLASSIFY EACH HEALTH BENEFIT PLAN AS:**

15 **(1) A BASIC PLAN;**

16 **(2) A TYPICAL PLAN; OR**

17 **(3) A GENEROUS PLAN.**

18 **(C) A BASIC PLAN, A TYPICAL PLAN, AND A GENEROUS PLAN SHALL BE**
19 **DIFFERENTIATED BY THE BENEFIT PACKAGE, PROVIDER NETWORK**
20 **RESTRICTIONS, PREMIUM, AND COST-SHARING INCLUDED UNDER THE PLAN.**

21 **(D) THE BOARD:**

22 **(1) SHALL REQUIRE EACH PARTICIPATING CARRIER TO OFFER AT**
23 **LEAST A BASIC PLAN; AND**

24 **(2) MAY REQUIRE EACH PARTICIPATING CARRIER TO OFFER**
25 **OTHER HEALTH BENEFIT PLANS, IN ADDITION TO A BASIC PLAN.**

26 **(E) THE BOARD SHALL:**

1 **(1) STANDARDIZE THE MINIMUM BENEFIT PACKAGE FOR A BASIC**
2 **PLAN, A TYPICAL PLAN, AND A GENEROUS PLAN;**

3 **(2) REQUIRE EACH HEALTH BENEFIT PLAN TO MEET**
4 **BOARD-ESTABLISHED STANDARDS FOR VALUE-BASED INSURANCE DESIGN; AND**

5 **(3) SPECIFY PREVENTIVE SERVICES AND CHRONIC DISEASE**
6 **MANAGEMENT SERVICES THAT ARE EXEMPT FROM ANY DEDUCTIBLE REQUIRED**
7 **BY A HEALTH BENEFIT PLAN.**

8 **(F) (1) THE BOARD SHALL DETERMINE THE MINIMUM ACTUARIAL**
9 **VALUE AND MAXIMUM OUT-OF-POCKET AMOUNTS THAT MAY BE ESTABLISHED**
10 **IN A BASIC PLAN.**

11 **(2) A BASIC PLAN SHALL BE:**

12 **(I) A TIGHTLY MANAGED HEALTH MAINTENANCE**
13 **ORGANIZATION; OR**

14 **(II) A PREFERRED PROVIDER PLAN WHOSE ACTUARIAL**
15 **VALUE IS EQUIVALENT TO THE ACTUARIAL VALUE OF A TIGHTLY MANAGED**
16 **HEALTH MAINTENANCE ORGANIZATION.**

17 **14-809.**

18 **(A) A PARTICIPATING CARRIER SHALL DISCLOSE TO THE BOARD THE**
19 **MEDICAL LOSS RATIO EXPERIENCED ACROSS ALL THE HEALTH BENEFIT PLANS**
20 **THE PARTICIPATING CARRIER OFFERS THROUGH THE POOL.**

21 **(B) ON ENROLLMENT IN THE POOL AND ANNUALLY THEREAFTER, THE**
22 **BOARD SHALL MAKE AVAILABLE TO ENROLLEES THE FOLLOWING INFORMATION**
23 **ABOUT EACH HEALTH BENEFIT PLAN OFFERED THROUGH THE POOL:**

24 **(1) THE BENEFIT PACKAGE;**

25 **(2) PROVIDER NETWORK RESTRICTIONS;**

26 **(3) THE PREMIUM;**

27 **(4) ENROLLEE COST-SHARING;**

28 **(5) WHETHER THE HEALTH BENEFIT PLAN IS CLASSIFIED AS A**
29 **BASIC, TYPICAL, OR GENEROUS PLAN; AND**

1 **(6) THE MEDICAL LOSS RATIO.**

2 **(C) THE BOARD MAY AUDIT THE RECORDS SUPPORTING THE**
3 **CALCULATION OF A MEDICAL LOSS RATIO SUBMITTED BY A PARTICIPATING**
4 **CARRIER TO DETERMINE THE ACCURACY OF THE CALCULATION.**

5 **(D) ON OR BEFORE JANUARY 1, 2016, THE BOARD SHALL:**

6 **(1) REVIEW THE MEDICAL LOSS RATIOS REPORTED BY**
7 **PARTICIPATING CARRIERS;**

8 **(2) DETERMINE WHETHER THE MEDICAL LOSS RATIOS ARE**
9 **INDICATIVE OF AN EFFICIENT AND COMPETITIVE HEALTH INSURANCE**
10 **ENVIRONMENT;**

11 **(3) DETERMINE WHETHER A PUBLIC HEALTH BENEFIT PLAN**
12 **OPTION IS FEASIBLE AND DESIRABLE TO IMPROVE EFFICIENCY AND**
13 **COMPETITION IN THE POOL; AND**

14 **(4) REPORT ITS FINDINGS TO THE GOVERNOR, THE SECRETARY**
15 **OF HEALTH AND MENTAL HYGIENE, AND, IN ACCORDANCE WITH § 2-1246 OF**
16 **THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.**

17 **14-810.**

18 **(A) (1) EACH HEALTH BENEFIT PLAN OFFERED THROUGH THE POOL**
19 **SHALL BE OFFERED ON A GUARANTEED-ISSUE AND GUARANTEED-RENEWAL**
20 **BASIS, SUBJECT TO REQUIREMENTS ESTABLISHED BY THE BOARD.**

21 **(2) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A**
22 **PARTICIPATING CARRIER MAY NOT IMPOSE A PREEXISTING CONDITION**
23 **LIMITATION ON OR MEDICALLY UNDERWRITE COVERAGE.**

24 **(B) (1) THE RATE ESTABLISHED BY A PARTICIPATING CARRIER FOR**
25 **THE HEALTH BENEFIT PLANS THE PARTICIPATING CARRIER OFFERS THROUGH**
26 **THE POOL SHALL BE A COMMUNITY RATE.**

27 **(2) IN ESTABLISHING THE COMMUNITY RATE FOR ITS HEALTH**
28 **BENEFIT PLANS, A PARTICIPATING CARRIER SHALL USE A RATING**
29 **METHODOLOGY THAT IS BASED ON THE EXPERIENCE OF ALL RISKS COVERED BY**
30 **ALL OF THE HEALTH BENEFIT PLANS THE PARTICIPATING CARRIER OFFERS**
31 **THROUGH THE POOL, WITHOUT REGARD TO HEALTH STATUS OR OCCUPATION**
32 **OR ANY OTHER FACTOR NOT SPECIFICALLY AUTHORIZED UNDER THIS**
33 **SUBSECTION.**

1 **(3) A PARTICIPATING CARRIER MAY ADJUST THE COMMUNITY**
2 **RATE ONLY FOR AGE.**

3 **(4) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, A**
4 **PARTICIPATING CARRIER MAY CHARGE A RATE THAT IS 50% ABOVE OR BELOW**
5 **THE COMMUNITY RATE.**

6 **(5) NOTWITHSTANDING PARAGRAPHS (3) AND (4) OF THIS**
7 **SUBSECTION, RATES FOR A HEALTH BENEFIT PLAN MAY VARY BASED ON FAMILY**
8 **COMPOSITION.**

9 **(C) A PARTICIPATING CARRIER SHALL DEVELOP A PREMIUM**
10 **STRUCTURE FOR EACH HEALTH BENEFIT PLAN BASED ON:**

11 **(1) THE COMMUNITY RATE;**

12 **(2) THE ACTUARIAL VALUE OF COVERED BENEFITS;**

13 **(3) ENROLLEE COST-SHARING; AND**

14 **(4) THE PROVIDER NETWORK.**

15 **(D) (1) ON OR BEFORE JANUARY 1, 2016, THE BOARD SHALL**
16 **DETERMINE WHETHER ADVERSE SELECTION IS OCCURRING IN THE HEALTH**
17 **BENEFIT PLANS OFFERED THROUGH THE POOL AND HAVING AN ADVERSE**
18 **IMPACT ON THE POOL.**

19 **(2) IF THE BOARD DETERMINES THAT ADVERSE SELECTION IS**
20 **OCCURRING AND HAVING AN ADVERSE IMPACT ON THE POOL, THE BOARD MAY,**
21 **WITH RESPECT TO AN INDIVIDUAL WHO SEEKS TO ENROLL IN THE POOL AFTER**
22 **A BREAK IN CREDITABLE COVERAGE EXCEEDING 63 DAYS:**

23 **(I) ESTABLISH AN ANNUAL OPEN ENROLLMENT PERIOD**
24 **FOR OBTAINING COVERAGE THROUGH THE POOL;**

25 **(II) IMPOSE A SURCHARGE OF UP TO 5% OF PREMIUM; OR**

26 **(III) IMPOSE A PREEXISTING CONDITION LIMITATION, NOT**
27 **TO EXCEED 6 MONTHS, FOR NONEMERGENCY SERVICES.**

28 **14-811.**

1 **(A) HEALTH BENEFIT PLANS OFFERED THROUGH THE POOL SHALL**
2 **INCORPORATE CHRONIC CARE IMPROVEMENT AND PREVENTIVE HEALTH**
3 **MEASURES, INCLUDING:**

4 **(1) A PATIENT-CENTERED MEDICAL HOME FOR BENEFICIARIES;**

5 **(2) CULTURALLY AND LINGUISTICALLY APPROPRIATE CHRONIC**
6 **CARE MANAGEMENT PROGRAMS;**

7 **(3) FINANCIAL INCENTIVES FOR ENROLLEES TO:**

8 **(I) COMPLETE A HEALTH RISK ASSESSMENT;**

9 **(II) PARTICIPATE IN A CHRONIC CARE MANAGEMENT**
10 **PROGRAM; OR**

11 **(III) COMPLETE A SMOKING CESSATION OR WEIGHT-LOSS**
12 **PROGRAM; AND**

13 **(4) FINANCIAL INCENTIVES FOR HEALTH CARE PROVIDERS TO**
14 **PROPERLY DIAGNOSE AND MANAGE CHRONIC HEALTH CARE CONDITIONS,**
15 **INCLUDING OBESITY.**

16 **(B) A HEALTH CARE PROVIDER WHO PARTICIPATES IN A**
17 **PATIENT-CENTERED MEDICAL HOME INITIATIVE DESIGNATED BY THE**
18 **INSTITUTE FOR CLINICAL VALUE SHALL BE ELIGIBLE FOR ADDITIONAL**
19 **REIMBURSEMENT.**

20 **14-812.**

21 **(A) THE POOL SHALL SUBSIDIZE HEALTH BENEFIT PLAN COVERAGE**
22 **FOR ENROLLEES:**

23 **(1) WITH FAMILY INCOME THAT IS LESS THAN 400% OF FEDERAL**
24 **POVERTY GUIDELINES; AND**

25 **(2) WHO ARE:**

26 **(I) INDIVIDUALS WITHOUT ACCESS TO**
27 **EMPLOYER-SPONSORED COVERAGE WHO ARE NOT EMPLOYED BY A LARGE**
28 **EMPLOYER; OR**

29 **(II) EMPLOYED BY A SMALL EMPLOYER THAT PARTICIPATES**
30 **IN THE POOL.**

1 **(B) THE POOL MAY NOT SUBSIDIZE HEALTH BENEFIT PLAN COVERAGE**
2 **FOR ENROLLEES WHO DO NOT MEET THE REQUIREMENTS OF SUBSECTION (A)**
3 **OF THIS SECTION.**

4 **(C) FOR AN ENROLLEE WITH FAMILY INCOME THAT IS LESS THAN 300%**
5 **OF FEDERAL POVERTY GUIDELINES, THE SUBSIDY SHALL EQUAL 50% OF THE**
6 **AVERAGE PREMIUM FOR THE ENROLLEE'S AGE IN A HEALTH BENEFIT PLAN**
7 **THAT IS CLASSIFIED AS A TYPICAL PLAN.**

8 **(D) FOR AN ENROLLEE WITH FAMILY INCOME THAT IS AT LEAST 300%**
9 **BUT LESS THAN 400% OF FEDERAL POVERTY GUIDELINES, THE SUBSIDY SHALL**
10 **EQUAL 25% OF THE AVERAGE PREMIUM FOR THE ENROLLEE'S AGE IN A HEALTH**
11 **BENEFIT PLAN THAT IS CLASSIFIED AS A BASIC PLAN.**

12 **(E) AN ENROLLEE WHO IS ELIGIBLE FOR A SUBSIDY MAY ENROLL IN**
13 **ANY HEALTH BENEFIT PLAN OFFERED THROUGH THE POOL.**

14 **14-813.**

15 **(A) THERE IS A MARYLAND CATASTROPHIC REINSURANCE BENEFIT**
16 **PLAN.**

17 **(B) THE PLAN SHALL BE ADMINISTERED BY THE BOARD.**

18 **(C) THE PURPOSE OF THE PLAN IS TO MAKE HEALTH INSURANCE MORE**
19 **AFFORDABLE BY REMOVING A PORTION OF THE COST OF HIGH-COST HEALTH**
20 **CARE FROM THE HEALTH INSURANCE PREMIUM.**

21 **(D) PARTICIPATION IN THE PLAN SHALL BE MANDATORY FOR:**

22 **(1) ALL CARRIERS ISSUING HEALTH BENEFIT PLANS IN THE**
23 **STATE;**

24 **(2) THE STATE EMPLOYEE AND RETIREE HEALTH AND WELFARE**
25 **BENEFITS PROGRAM;**

26 **(3) COUNTY EMPLOYEE HEALTH BENEFITS PROGRAMS; AND**

27 **(4) COUNTY SCHOOL SYSTEM EMPLOYEE HEALTH BENEFITS**
28 **PROGRAMS.**

29 **(E) PARTICIPATION IN THE PLAN IS VOLUNTARY FOR SELF-INSURED**
30 **PLANS.**

1 **(F) THE BOARD SHALL CONTRACT WITH PRIVATE REINSURANCE**
2 **CARRIERS TO PROVIDE REINSURANCE BENEFITS THROUGH THE PLAN.**

3 **(G) REINSURANCE BENEFITS SHALL BE DESIGNED TO REDUCE THE**
4 **COST OF HEALTH INSURANCE PREMIUMS BY 10%.**

5 **(H) REINSURANCE BENEFITS SHALL INCLUDE:**

6 **(1) SUBSIDIES FOR HEALTH INSURANCE CLAIMS THAT EXCEED**
7 **SPECIFIED ATTACHMENT POINTS ESTABLISHED BY THE BOARD; AND**

8 **(2) CASE MANAGEMENT SERVICES FOR INDIVIDUALS WHOSE**
9 **HEALTH CARE COSTS INDICATE A NEED FOR THE SERVICES.**

10 **(I) THE BOARD SHALL ESTABLISH:**

11 **(1) ELIGIBILITY REQUIREMENTS FOR EMPLOYEES AND**
12 **DEPENDENTS OF EMPLOYEES OF SELF-INSURED PLANS FOR COVERAGE OF**
13 **CLAIMS UNDER THE PLAN;**

14 **(2) THE ATTACHMENT POINTS AT WHICH A REINSURANCE**
15 **BENEFIT APPLIES;**

16 **(3) THE SHARE OF COSTS ABOVE THE ATTACHMENT POINTS TO BE**
17 **COVERED BY THE PLAN;**

18 **(4) ANY MAXIMUM COST TO BE COVERED BY THE PLAN;**

19 **(5) THE HEALTH BENEFIT PLANS AND SERVICES FOR WHICH**
20 **CLAIMS MAY BE REINSURED THROUGH THE PLAN;**

21 **(6) REQUIREMENTS FOR CASE MANAGEMENT SERVICES TO BE**
22 **PROVIDED THROUGH THE PLAN; AND**

23 **(7) ANY OTHER REQUIREMENTS FOR PARTICIPATION IN OR**
24 **COVERAGE UNDER THE PLAN.**

25 **(J) THE COMMISSIONER, IN CONJUNCTION WITH THE BOARD, SHALL**
26 **ENSURE THAT ANY SAVINGS REAPED BY CARRIERS FROM PARTICIPATION IN**
27 **THE PLAN RESULT IN OFFSETTING REDUCTIONS IN HEALTH INSURANCE**
28 **PREMIUMS.**

1 **(K) THE COST OF REINSURANCE BENEFITS PROVIDED UNDER THIS**
2 **SECTION SHALL BE FUNDED BY THE HEALTHY MARYLAND FUND IN**
3 **ACCORDANCE WITH SUBTITLE 9 OF THIS TITLE.**

4 **SUBTITLE 9. HEALTHY MARYLAND FUND.**

5 **14-901.**

6 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
7 **INDICATED.**

8 **(B) “BOARD” MEANS THE BOARD OF DIRECTORS OF THE MARYLAND**
9 **HEALTH INSURANCE POOL.**

10 **(C) “FUND” MEANS THE HEALTHY MARYLAND FUND.**

11 **14-902.**

12 **(A) THERE IS A HEALTHY MARYLAND FUND.**

13 **(B) THE PURPOSE OF THE FUND IS TO SUPPORT THE PROGRAMS AND**
14 **ACTIVITIES SPECIFIED IN THIS SUBTITLE.**

15 **(C) THE BOARD SHALL ADMINISTER THE FUND.**

16 **(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
17 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

18 **(2) THE STATE TREASURER SHALL HOLD THE FUND**
19 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

20 **(E) THE FUND CONSISTS OF:**

21 **(1) REVENUE DISTRIBUTED TO THE FUND FROM THE PAYROLL**
22 **TAX UNDER TITLE 8.5 OF THE LABOR AND EMPLOYMENT ARTICLE;**

23 **(2) REVENUE DISTRIBUTED TO THE FUND FROM THE ALCOHOLIC**
24 **BEVERAGE TAX AS PROVIDED UNDER § 2-301 OF THE TAX – GENERAL ARTICLE;**

25 **(3) REVENUE DISTRIBUTED TO THE FUND FROM THE TOBACCO**
26 **TAX AS PROVIDED UNDER § 2-1604 OF THE TAX – GENERAL ARTICLE;**

1 (4) REVENUE DISTRIBUTED TO THE FUND FROM TOBACCO
2 SETTLEMENT STRATEGIC CONTRIBUTION PAYMENTS AS PROVIDED UNDER §
3 7-317 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;

4 (5) REVENUE DISTRIBUTED TO THE FUND FROM THE HOSPITAL
5 ASSESSMENT AS PROVIDED UNDER § 19-214 OF THE HEALTH - GENERAL
6 ARTICLE;

7 (6) MONEY DEPOSITED BY A NONPROFIT HEALTH SERVICE PLAN,
8 IN ACCORDANCE WITH § 14-513 OF THIS TITLE, INTO A SEPARATE ACCOUNT FOR
9 THE SENIOR PRESCRIPTION DRUG ASSISTANCE PROGRAM;

10 (7) ANY MONEY MADE AVAILABLE FROM INVESTMENT EARNINGS;
11 AND

12 (8) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR
13 THE BENEFIT OF THE FUND.

14 (F) THE FUND MAY BE USED ONLY FOR:

15 (1) SUBSIDIES AND ASSOCIATED ADMINISTRATIVE COSTS FOR
16 THE MARYLAND HEALTH INSURANCE POOL AS PROVIDED UNDER SUBTITLE 8
17 OF THIS TITLE;

18 (2) REINSURANCE BENEFITS AND ASSOCIATED ADMINISTRATIVE
19 COSTS FOR THE MARYLAND CATASTROPHIC REINSURANCE BENEFIT PLAN AS
20 PROVIDED UNDER SUBTITLE 8 OF THIS TITLE;

21 (3) MARYLAND MEDICAL ASSISTANCE PROGRAM COSTS AS
22 FOLLOWS:

23 (I) EXPANSION OF ELIGIBILITY TO PARENTS AND
24 CARETAKER RELATIVES OF DEPENDENT CHILDREN WITH ANNUAL HOUSEHOLD
25 INCOME ABOVE 116% AND AT OR BELOW 300% OF THE FEDERAL POVERTY
26 LEVEL;

27 (II) EXPANSION OF ELIGIBILITY TO ADULTS:

28 1. WHO DO NOT MEET REQUIREMENTS, SUCH AS
29 AGE, DISABILITY, OR PARENT OR CARETAKER RELATIVE OF A DEPENDENT
30 CHILD, FOR A FEDERAL CATEGORY OF ELIGIBILITY FOR MEDICAID;

31 2. WHOSE ANNUAL HOUSEHOLD INCOME IS ABOVE
32 116% AND AT OR BELOW 200% OF THE FEDERAL POVERTY LEVEL; AND

1 **3. WHO ARE NOT ENROLLED IN THE FEDERAL**
2 **MEDICARE PROGRAM, AS ENACTED BY TITLE XVIII OF THE SOCIAL SECURITY**
3 **ACT;**

4 **(III) PREMIUM ASSISTANCE FOR INDIVIDUALS WHO CHOOSE**
5 **EMPLOYER-SPONSORED INSURANCE, AS PROVIDED UNDER § 15-103 OF THE**
6 **HEALTH - GENERAL ARTICLE;**

7 **(IV) DESIGN, DEVELOPMENT, AND IMPLEMENTATION OF A**
8 **STATE-OF-THE-ART MEDICAID ELIGIBILITY DETERMINATION SYSTEM,**
9 **INCLUDING:**

10 **1. AN ELECTRONIC INTERFACE WITH OTHER STATE**
11 **AND FEDERAL INFORMATION SYSTEMS; AND**

12 **2. A UNIFORM APPLICATION FOR DETERMINING**
13 **ELIGIBILITY FOR MEDICAID, THE MARYLAND CHILDREN'S HEALTH PROGRAM,**
14 **AND LOW-INCOME SUBSIDIES IN THE MARYLAND HEALTH INSURANCE POOL;**

15 **(V) ADDITIONAL CASEWORKERS IN LOCAL HEALTH**
16 **DEPARTMENTS AND LOCAL DEPARTMENTS OF SOCIAL SERVICES NEEDED TO**
17 **ENROLL THE POPULATION DESCRIBED IN ITEMS (1) AND (2) OF THIS**
18 **SUBSECTION; AND**

19 **(VI) AN EXPANDED MEDICAID BENEFIT PACKAGE COVERING:**

20 **1. DENTAL SERVICES, INCLUDING COMPREHENSIVE**
21 **ORAL EXAMS AND CLEANINGS, FOR ADULTS;**

22 **2. RESIDENTIAL TREATMENT FOR ALCOHOL ABUSE**
23 **AND DRUG ABUSE; AND**

24 **3. ROUTINE HIV/AIDS COUNSELING AND TESTING**
25 **AT EACH CLINICAL ENCOUNTER;**

26 **(4) THE ACTIVITIES OF THE MARYLAND INSTITUTE FOR**
27 **CLINICAL VALUE, INCLUDING THE ACTIVITIES OF THE PREVENTION TRUST FOR**
28 **HEALTH PROMOTION, AS PROVIDED UNDER TITLE 13, SUBTITLE 28 OF THE**
29 **HEALTH - GENERAL ARTICLE;**

30 **(5) THROUGH THE ALCOHOL AND DRUG ABUSE**
31 **ADMINISTRATION OF THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE,**
32 **EXPANSION OF ALCOHOL ABUSE AND DRUG ABUSE TREATMENT SERVICES FOR**

1 ADULTS AND ADOLESCENTS WITHOUT ACCESS TO THIRD-PARTY COVERAGE FOR
2 THESE SERVICES; AND

3 (6) THE OPERATION AND ADMINISTRATION OF THE SENIOR
4 PRESCRIPTION DRUG ASSISTANCE PROGRAM.

5 (G) THE BOARD SHALL MAINTAIN A SEPARATE ACCOUNT WITHIN THE
6 FUND FOR THE SENIOR PRESCRIPTION DRUG ASSISTANCE PROGRAM.

7 (H) FROM THE AMOUNTS PROVIDED UNDER SUBSECTION (E) OF THIS
8 SECTION, THE BOARD SHALL EXPEND:

9 (1) \$25,000,000 EACH YEAR FOR 2 YEARS ON THE DESIGN,
10 DEVELOPMENT, AND IMPLEMENTATION OF A STATE-OF-THE-ART MEDICAID
11 ELIGIBILITY DETERMINATION SYSTEM, IN ACCORDANCE WITH SUBSECTION
12 (F)(3)(IV) OF THIS SECTION;

13 (2) \$10,000,000 EACH YEAR FOR 5 YEARS ON ADDITIONAL
14 CASEWORKERS IN LOCAL HEALTH DEPARTMENTS AND LOCAL DEPARTMENTS OF
15 SOCIAL SERVICES, IN ACCORDANCE WITH SUBSECTION (F)(3)(V) OF THIS
16 SECTION;

17 (3) \$50,000,000 SPREAD OVER 5 YEARS FOR AN EXPANDED
18 MEDICAID BENEFIT PACKAGE COVERING RESIDENTIAL TREATMENT FOR
19 ALCOHOL ABUSE AND DRUG ABUSE, IN ACCORDANCE WITH SUBSECTION
20 (F)(3)(VI)2 OF THIS SECTION;

21 (4) FOR THE ACTIVITIES OF THE MARYLAND INSTITUTE FOR
22 CLINICAL VALUE, INCLUDING THE ACTIVITIES OF THE PREVENTION TRUST FOR
23 HEALTH PROMOTION, IN ACCORDANCE WITH SUBSECTION (F)(4) OF THIS
24 SECTION:

25 (I) FOR RESEARCH INITIATIVES UNDERTAKEN BY THE
26 MARYLAND INSTITUTE FOR CLINICAL VALUE, IN ACCORDANCE WITH §
27 13-2802(E) OF THE HEALTH - GENERAL ARTICLE:

28 1. \$10,000,000 IN THE FIRST YEAR;

29 2. \$5,000,000 IN THE SECOND YEAR; AND

30 3. \$2,500,000 IN EACH OF THE SUBSEQUENT 3
31 YEARS;

1 (II) FOR A STATEWIDE HEALTH INFORMATION EXCHANGE,
2 IN ACCORDANCE WITH § 13-2802(G) OF THE HEALTH - GENERAL ARTICLE:

3 1. **\$20,000,000 IN THE FIRST YEAR; AND**

4 2. **\$500,000 IN EACH OF THE SUBSEQUENT 4 YEARS;**

5 (III) FOR ELECTRONIC HEALTH RECORDS, IN ACCORDANCE
6 WITH § 13-2802(G) OF THE HEALTH - GENERAL ARTICLE:

7 1. **\$24,000,000 IN 1 YEAR FOR HOSPITAL SUBSIDIES;**
8 **AND**

9 2. **\$35,000,000 IN 1 YEAR FOR PHYSICIAN**
10 **SUBSIDIES;**

11 (IV) FOR ADMINISTRATIVE COSTS INCURRED BY THE
12 **MARYLAND INSTITUTE FOR CLINICAL VALUE, \$2,000,000 EACH YEAR;**

13 (V) FOR GRANTS TO LOCAL HEALTH DEPARTMENTS FOR
14 **PUBLIC HEALTH EFFORTS, IN ACCORDANCE WITH § 13-2805(D) OF THE HEALTH**
15 **- GENERAL ARTICLE, \$5,000,000 EACH YEAR FOR 5 YEARS;**

16 (VI) FOR GRANTS TO PROGRAMS AND INITIATIVES THAT
17 **SEEK TO PREVENT ADDICTION TO ALCOHOL AND OTHER DRUGS, IN**
18 **ACCORDANCE WITH § 13-2805(E) OF THE HEALTH - GENERAL ARTICLE,**
19 **\$10,000,000 EACH YEAR FOR 5 YEARS;**

20 (VII) FOR GRANTS TO TOBACCO PREVENTION AND CESSATION
21 **PROGRAMS, IN ACCORDANCE WITH § 13-2805(F) OF THE HEALTH - GENERAL**
22 **ARTICLE, \$45,000,000 EACH YEAR FOR 5 YEARS;**

23 (VIII) FOR GRANTS TO COMMUNITY HEALTH CENTERS, IN
24 **ACCORDANCE WITH § 13-2805(G) OF THE HEALTH - GENERAL ARTICLE,**
25 **\$5,000,000 EACH YEAR FOR 5 YEARS;**

26 (IX) FOR GRANTS TO LOAN FORGIVENESS PROGRAMS FOR
27 **PRIMARY CARE CLINICIANS, IN ACCORDANCE WITH § 13-2805(G) OF THE**
28 **HEALTH - GENERAL ARTICLE, \$2,000,000 EACH YEAR FOR 5 YEARS;**

29 (X) FOR GRANTS TO PROGRAMS THAT TRAIN AND UPGRADE
30 **THE QUALIFICATIONS OF HEALTH CARE PERSONNEL, IN ACCORDANCE WITH §**
31 **13-2805(G) OF THE HEALTH - GENERAL ARTICLE:**

- 1 1. **\$12,500,000 IN THE FIRST YEAR; AND**
2 2. **\$2,500,000 EACH YEAR FOR THE SUBSEQUENT 4**
3 **YEARS;**

4 (XI) FOR THE PURPOSE OF ADDRESSING RACIAL, ETHNIC,
5 **DISABILITY, AND SOCIOECONOMIC DISPARITIES IN THE STATE, IN ACCORDANCE**
6 **WITH § 13-2805(H) OF THE HEALTH – GENERAL ARTICLE, \$10,000,000 EACH**
7 **YEAR FOR 5 YEARS; AND**

8 (XII) FOR IMPLEMENTING THE ADVANCE DIRECTIVES
9 **REGISTRY, IN ACCORDANCE WITH § 13-2805(I) OF THE HEALTH – GENERAL**
10 **ARTICLE:**

- 11 1. **\$276,000 IN THE FIRST YEAR; AND**
12 2. **\$200,000 EACH YEAR FOR THE SUBSEQUENT 4**
13 **YEARS; AND**

14 (5) **\$10,000,000 EACH YEAR FOR 5 YEARS FOR EXPANSION OF**
15 **ALCOHOL ABUSE AND DRUG ABUSE TREATMENT SERVICES FOR ADULTS AND**
16 **ADOLESCENTS WITHOUT ACCESS TO THIRD-PARTY COVERAGE FOR THESE**
17 **SERVICES, IN ACCORDANCE WITH SUBSECTION (F)(5) OF THIS SECTION.**

18 (I) (1) **THE STATE TREASURER SHALL INVEST THE MONEY OF THE**
19 **FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

20 (2) **ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**
21 **CREDITED TO THE FUND.**

22 (J) **EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN**
23 **ACCORDANCE WITH THE STATE BUDGET.**

24 **Article – Labor and Employment**

25 **8.5-101.**

26 (A) **IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
27 **INDICATED.**

28 (B) **“EMPLOYEE” MEANS ALL INDIVIDUALS EMPLOYED FULL TIME OR**
29 **PART TIME DIRECTLY BY AN EMPLOYER.**

1 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
2 SUBSECTION, "EMPLOYER" HAS THE MEANING STATED IN § 10-905 OF THE TAX
3 - GENERAL ARTICLE.

4 (2) "EMPLOYER" DOES NOT INCLUDE THE FEDERAL
5 GOVERNMENT OR ANOTHER STATE.

6 (D) "WAGES" HAS THE MEANING STATED IN § 10-905 OF THE
7 TAX - GENERAL ARTICLE.

8 **8.5-102.**

9 (A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN
10 EMPLOYER SHALL PAY TO THE SECRETARY AN AMOUNT EQUAL TO 2% OF THE
11 TOTAL WAGES PAID TO EMPLOYEES IN THE STATE.

12 (2) IN CALCULATING THE TOTAL WAGES PAID TO EMPLOYEES IN
13 THE STATE, AN EMPLOYER SHALL EXCLUDE WAGES IN EXCESS OF THE SOCIAL
14 SECURITY WAGE BASE LIMIT.

15 (B) AN EMPLOYER MAY NOT DEDUCT ANY PAYMENT MADE UNDER
16 SUBSECTION (A) OF THIS SECTION FROM THE WAGES OF AN EMPLOYEE.

17 (C) AN EMPLOYER SHALL MAKE THE PAYMENT REQUIRED UNDER THIS
18 SECTION TO THE SECRETARY ON A PERIODIC BASIS AS DETERMINED BY THE
19 SECRETARY.

20 **8.5-103.**

21 FAILURE TO MAKE THE PAYMENT REQUIRED UNDER § 8.5-102 OF THIS
22 TITLE SHALL RESULT IN THE IMPOSITION BY THE SECRETARY OF A CIVIL
23 PENALTY, NOT TO EXCEED \$250,000.

24 **8.5-104.**

25 **THE SECRETARY SHALL:**

26 (1) ADOPT REGULATIONS TO IMPLEMENT THIS TITLE; AND

27 (2) PAY THE REVENUE FROM THE PAYROLL ASSESSMENT INTO
28 THE HEALTHY MARYLAND FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 9
29 OF THE INSURANCE ARTICLE.

1 7-317.

2 (a) There is a Cigarette Restitution Fund.

3 (f) (1) The Cigarette Restitution Fund shall be used to fund:

4 (i) the Tobacco Use Prevention and Cessation Program
5 established under Title 13, Subtitle 10 of the Health – General Article;

6 (ii) the Cancer Prevention, Education, Screening, and
7 Treatment Program established under Title 13, Subtitle 11 of the Health – General
8 Article;

9 (iii) **THE PROGRAMS AND ACTIVITIES SUPPORTED BY THE**
10 **HEALTHY MARYLAND FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 9 OF**
11 **THE INSURANCE ARTICLE;** and

12 [(iii)] (iv) other programs that serve the following purposes:

13 1. reduction of the use of tobacco products by minors;

14 2. implementation of the Southern Maryland Regional
15 Strategy–Action Plan for Agriculture adopted by the Tri–County Council for Southern
16 Maryland with an emphasis on alternative crop uses for agricultural land now used for
17 growing tobacco;

18 3. public and school education campaigns to decrease
19 tobacco use with initial emphasis on areas targeted by tobacco manufacturers in
20 marketing and promoting cigarette and tobacco products;

21 4. smoking cessation programs;

22 5. enforcement of the laws regarding tobacco sales;

23 6. the purposes of the Maryland Health Care
24 Foundation under Title 20, Subtitle 5 of the Health – General Article;

25 7. primary health care in rural areas of the State and
26 areas targeted by tobacco manufacturers in marketing and promoting cigarette and
27 tobacco products;

28 8. prevention, treatment, and research concerning
29 cancer, heart disease, lung disease, tobacco product use, and tobacco control, including
30 operating costs and related capital projects;

- 1 9. substance abuse treatment and prevention programs;
- 2 and
- 3 10. any other public purpose.

4 (2) The provisions of this subsection may not be construed to affect the
5 Governor’s powers with respect to a request for an appropriation in the annual budget
6 bill.

7 (g) (1) Amounts may only be expended from the Fund through
8 appropriations in the State budget bill as provided in this subsection.

9 (2) The Governor shall include in the annual budget bill
10 appropriations from the Fund equivalent to the lesser of \$100,000,000 or 90% of the
11 funds estimated to be available to the Fund in the fiscal year for which the
12 appropriations are made.

13 (3) For each fiscal year for which appropriations are made, at least
14 50% of the appropriations shall be made for those purposes enumerated in subsection
15 (f)(1)(i), (ii), and [(iii)1] **(IV)1** through 9 of this section subject to the requirement of
16 subsection (e)(2) of this section.

17 (4) For each fiscal year for which appropriations are made, at least
18 30% of the appropriations shall be made for the purposes of the Maryland Medical
19 Assistance Program.

20 (5) For each fiscal year for which appropriations are made, 0.15% of
21 the Fund shall be appropriated for the purposes of enforcement of Title 16, Subtitle 5
22 of the Business Regulation Article.

23 **(6) BEGINNING IN FISCAL YEAR 2010, ANY REVENUE REALIZED**
24 **BY THE FUND FROM STRATEGIC CONTRIBUTION PAYMENTS RESULTING FROM**
25 **THE STATE’S LEGAL CONTRIBUTIONS TO THE MASTER SETTLEMENT**
26 **AGREEMENT SHALL BE DEPOSITED INTO THE HEALTHY MARYLAND FUND**
27 **ESTABLISHED UNDER TITLE 14, SUBTITLE 9 OF THE INSURANCE ARTICLE FOR**
28 **THE PROGRAMS AND ACTIVITIES SUPPORTED BY THE HEALTHY MARYLAND**
29 **FUND.**

30 [(6)] (7) Any additional appropriations, not subject to paragraph (3),
31 paragraph (4), or paragraph (5) of this subsection, may be made for any lawful
32 purpose.

33 **Article - Tax - General**

1 (a) From the alcoholic beverage tax revenue, the Comptroller shall distribute
 2 the amount necessary to administer the alcoholic beverage tax laws to an
 3 administrative cost account.

4 (b) [After] **EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION,**
 5 **AFTER** making the distribution required under subsection (a) of this section, the
 6 Comptroller shall distribute the remaining alcoholic beverage tax revenue to the
 7 General Fund of the State.

8 (c) **BEFORE MAKING THE DISTRIBUTION REQUIRED UNDER**
 9 **SUBSECTION (B) OF THIS SECTION, THE COMPTROLLER SHALL DISTRIBUTE TO**
 10 **THE HEALTHY MARYLAND FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 9**
 11 **OF THE INSURANCE ARTICLE, 100% OF THE ADDITIONAL ALCOHOLIC**
 12 **BEVERAGE TAX REVENUE RESULTING FROM THE INCREASE IN THE ALCOHOLIC**
 13 **BEVERAGE TAX RATES UNDER CHAPTER ____ OF THE ACTS OF 2009 (S.B.**
 14 **____/H.B. ____)** (9LR3050/9LR0700), AS DETERMINED BY THE COMPTROLLER.

15 2-1603.

16 After making the distributions required under §§ 2-1601 and 2-1602 of this
 17 subtitle, **FROM THE REMAINING TAX REVENUE**, the Comptroller shall distribute [the
 18 remaining tobacco tax revenue] **\$419,000,000** to the General Fund of the State.

19 **2-1604.**

20 **AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-1601**
 21 **THROUGH 2-1603 OF THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE**
 22 **THE REMAINING TOBACCO TAX REVENUE TO THE HEALTHY MARYLAND FUND**
 23 **ESTABLISHED UNDER TITLE 14, SUBTITLE 9 OF THE INSURANCE ARTICLE.**

24 5-105.

25 (a) Except as provided in subsection (d) of this section, the alcoholic beverage
 26 tax rate for distilled spirits is:

27 (1) [\$1.50] **\$10.03** for each gallon or [39.63 cents] **\$2.65** for each liter;
 28 and

29 (2) if distilled spirits contain a percentage of alcohol greater than 100
 30 proof, an additional tax, for each 1 proof over 100 proof, of [1.5] **10.03** cents for each
 31 gallon or [0.3963] **2.65** cents for each liter.

32 (b) Except as provided in subsection (d) of this section, the alcoholic beverage
 33 tax rate for wine is [40 cents] **\$2.96** for each gallon or [10.57] **78.22** cents for each
 34 liter.

1 (c) Except as provided in subsection (d) of this section, the alcoholic beverage
2 tax rate on beer is [9 cents] **\$1.16** for each gallon or [2.3778] **30.6472** cents for each
3 liter.

4 (d) The tax imposed under § 5–102(b) of this subtitle shall equal the amount
5 that the discriminating jurisdiction charges a Maryland licensee or permit holder.

6 **10–106.2.**

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

9 (2) “ANNUAL COSTS FOR HEALTH CARE COVERAGE” MEANS THE
10 NET COST OF A BASIC PLAN UNDER THE MARYLAND HEALTH INSURANCE POOL,
11 CALCULATED AS THE TOTAL PREMIUM PLUS OUT-OF-POCKET PAYMENTS FOR
12 COVERED SERVICES MINUS ANY SUBSIDY FOR WHICH A TAXPAYER IS ELIGIBLE.

13 (3) “CONTINUOUS HEALTH CARE COVERAGE” MEANS
14 CREDITABLE COVERAGE AS DEFINED IN § 15–1301 OF THE INSURANCE ARTICLE
15 WITH NO LAPSE IN COVERAGE EXCEEDING 63 DAYS IN ANY CALENDAR YEAR.

16 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND
17 SUBSECTION (C) OF THIS SECTION, IN ADDITION TO THE STATE INCOME TAX
18 UNDER § 10–105(A) OF THIS SUBTITLE, A TAXPAYER SHALL BE SUBJECT TO A
19 PENALTY, UNLESS THE TAXPAYER AND EACH DEPENDENT CHILD OF THE
20 TAXPAYER MAINTAINED CONTINUOUS HEALTH CARE COVERAGE DURING THE
21 TAXABLE YEAR.

22 (2) (I) THE PENALTY UNDER PARAGRAPH (1) OF THIS
23 SUBSECTION SHALL BE EQUAL TO 10% OF THE AVERAGE PREMIUM THAT THE
24 TAXPAYER WOULD PAY FOR A BASIC PLAN OFFERED THROUGH THE MARYLAND
25 HEALTH INSURANCE POOL UNDER TITLE 14, SUBTITLE 8 OF THE INSURANCE
26 ARTICLE.

27 (II) THE AVERAGE PREMIUM THAT THE TAXPAYER WOULD
28 PAY FOR A BASIC PLAN:

29 1. SHALL BE THE AVERAGE PREMIUM, AS
30 DETERMINED ANNUALLY BY THE BOARD OF DIRECTORS OF THE MARYLAND
31 HEALTH INSURANCE POOL, FOR A BASIC PLAN THAT COVERS THE TAXPAYER
32 AND, IF APPLICABLE, THE SPOUSE AND ANY DEPENDENT CHILDREN WHO LACK
33 CREDITABLE COVERAGE; AND

1 **2. SHALL TAKE INTO ACCOUNT ANY SUBSIDY FOR**
2 **WHICH THE TAXPAYER WOULD BE ELIGIBLE UNDER THE MARYLAND HEALTH**
3 **INSURANCE POOL.**

4 **(3) FOR A MARRIED COUPLE FILING A JOINT RETURN, THE**
5 **PENALTY UNDER THIS SECTION SHALL EQUAL 10% OF THE AVERAGE PREMIUM**
6 **FOR A BASIC PLAN THAT COVERS BOTH SPOUSES AND ANY DEPENDENT**
7 **CHILDREN WHO LACK CREDITABLE COVERAGE.**

8 **(C) (1) THE COMPTROLLER SHALL PROVIDE FOR EXCEPTIONS TO**
9 **SUBSECTION (B) OF THIS SECTION:**

10 **(I) FOR AN INDIVIDUAL WHO IS ELIGIBLE FOR, BUT NOT**
11 **YET ENROLLED IN MEDICAID;**

12 **(II) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME BELOW**
13 **300% OF FEDERAL POVERTY GUIDELINES:**

14 **1. WHO IS NOT ELIGIBLE FOR MEDICAID; AND**

15 **2. WHOSE ANNUAL COSTS FOR HEALTH CARE**
16 **COVERAGE, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE MARYLAND**
17 **HEALTH INSURANCE POOL, WOULD EXCEED 5% OF FEDERAL ADJUSTED GROSS**
18 **INCOME;**

19 **(III) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME OF AT**
20 **LEAST 300% BUT NO MORE THAN 500% OF FEDERAL POVERTY GUIDELINES,**
21 **WHOSE ANNUAL COSTS FOR HEALTH CARE COVERAGE, AS DETERMINED BY THE**
22 **BOARD OF DIRECTORS OF THE MARYLAND HEALTH INSURANCE POOL, WOULD**
23 **EXCEED 7.5% OF FEDERAL ADJUSTED GROSS INCOME; AND**

24 **(IV) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME ABOVE**
25 **500% OF FEDERAL POVERTY GUIDELINES, WHOSE ANNUAL COSTS FOR HEALTH**
26 **CARE COVERAGE, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE**
27 **MARYLAND HEALTH INSURANCE POOL, WOULD EXCEED 10% OF FEDERAL**
28 **ADJUSTED GROSS INCOME.**

29 **(2) THE BOARD OF DIRECTORS OF THE MARYLAND HEALTH**
30 **INSURANCE POOL SHALL PROVIDE ANNUAL COSTS FOR HEALTH CARE**
31 **COVERAGE TO THE COMPTROLLER FOR THE PURPOSE OF MAKING THE**
32 **DETERMINATIONS UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

33 **(D) THE TAXPAYER SHALL INDICATE ON THE INCOME TAX RETURN, IN**
34 **THE FORM REQUIRED BY THE COMPTROLLER, THE PRESENCE OF HEALTH CARE**

1 COVERAGE THAT MEETS THE REQUIREMENTS OF SUBSECTION (B) OF THIS
2 SECTION FOR THE INDIVIDUAL, EACH SPOUSE IN THE CASE OF A MARRIED
3 COUPLE, AND EACH DEPENDENT CHILD.

4 (E) NOTWITHSTANDING § 2-609 OF THIS ARTICLE, AFTER DEDUCTING A
5 REASONABLE AMOUNT FOR ADMINISTRATIVE COSTS, THE COMPTROLLER
6 SHALL DISTRIBUTE THE REVENUES FROM THE PENALTY TO THE HEALTHY
7 MARYLAND FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 9 OF THE
8 INSURANCE ARTICLE.

9 12-105.

10 (a) The tobacco tax rate for cigarettes is:

11 (1) [~~\$1.00~~] **\$1.375** for each package of 10 or fewer cigarettes;

12 (2) [~~\$2.00~~] **\$2.75** for each package of at least 11 and not more than 20
13 cigarettes;

14 (3) [~~10.0~~] **13.75** cents for each cigarette in a package of more than 20
15 cigarettes; and

16 (4) [~~10.0~~] **13.75** cents for each cigarette in a package of free sample
17 cigarettes.

18 (b) The tobacco tax rate for other tobacco products is [~~15%~~] **90%** of the
19 wholesale price of the tobacco products.

20 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland
21 read as follows:

22 Article - Tax - General

23 12-105.

24 (a) The tobacco tax rate for cigarettes is:

25 (1) [~~\$1.00~~] **\$1.5125** for each package of 10 or fewer cigarettes;

26 (2) [~~\$2.00~~] **\$3.025** for each package of at least 11 and not more than
27 20 cigarettes;

28 (3) [~~10.0~~] **15.125** cents for each cigarette in a package of more than 20
29 cigarettes; and

1 (4) [10.0] **15.125** cents for each cigarette in a package of free sample
2 cigarettes.

3 (b) The tobacco tax rate for other tobacco products is [15%] **90%** of the
4 wholesale price of the tobacco products.

5 SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland
6 read as follows:

7 **Article - Tax - General**

8 **10-106.2.**

9 (A) IN THIS SECTION, "CONTINUOUS HEALTH CARE COVERAGE" MEANS
10 CREDITABLE COVERAGE AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE
11 WITH NO LAPSE IN COVERAGE EXCEEDING **63** DAYS IN ANY CALENDAR YEAR.

12 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND
13 SUBSECTION (C) OF THIS SECTION, IN ADDITION TO THE STATE INCOME TAX
14 UNDER § 10-105(A) OF THIS SUBTITLE, A TAXPAYER SHALL BE SUBJECT TO A
15 PENALTY, UNLESS THE TAXPAYER AND EACH DEPENDENT CHILD OF THE
16 TAXPAYER MAINTAINED CONTINUOUS HEALTH CARE COVERAGE DURING THE
17 TAXABLE YEAR.

18 (2) (I) THE PENALTY UNDER PARAGRAPH (1) OF THIS
19 SUBSECTION SHALL BE EQUAL TO **30%** OF THE AVERAGE PREMIUM THAT THE
20 TAXPAYER WOULD PAY FOR A BASIC PLAN OFFERED THROUGH THE MARYLAND
21 HEALTH INSURANCE POOL UNDER TITLE 14, SUBTITLE 8 OF THE INSURANCE
22 ARTICLE.

23 (II) THE AVERAGE PREMIUM THAT THE TAXPAYER WOULD
24 PAY FOR A BASIC PLAN:

25 1. SHALL BE THE AVERAGE PREMIUM, AS
26 DETERMINED ANNUALLY BY THE BOARD OF DIRECTORS OF THE MARYLAND
27 HEALTH INSURANCE POOL, FOR A BASIC PLAN THAT COVERS THE TAXPAYER
28 AND, IF APPLICABLE, THE SPOUSE AND ANY DEPENDENT CHILDREN WHO LACK
29 CREDITABLE COVERAGE; AND

30 2. SHALL TAKE INTO ACCOUNT ANY SUBSIDY FOR
31 WHICH THE TAXPAYER WOULD BE ELIGIBLE UNDER THE MARYLAND HEALTH
32 INSURANCE POOL.

33 (3) FOR A MARRIED COUPLE FILING A JOINT RETURN, THE
34 PENALTY UNDER THIS SECTION SHALL EQUAL **30%** OF THE AVERAGE PREMIUM

1 FOR A BASIC PLAN THAT COVERS BOTH SPOUSES AND ANY DEPENDENT
2 CHILDREN WHO LACK CREDITABLE COVERAGE.

3 (C) (1) THE COMPTROLLER SHALL PROVIDE FOR EXCEPTIONS TO
4 SUBSECTION (B) OF THIS SECTION:

5 (I) FOR AN INDIVIDUAL WHO IS ELIGIBLE FOR, BUT NOT
6 YET ENROLLED IN MEDICAID;

7 (II) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME BELOW
8 300% OF FEDERAL POVERTY GUIDELINES:

9 1. WHO IS NOT ELIGIBLE FOR MEDICAID; AND

10 2. WHOSE ANNUAL COSTS FOR HEALTH CARE
11 COVERAGE, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE MARYLAND
12 HEALTH INSURANCE POOL, WOULD EXCEED 5% OF FEDERAL ADJUSTED GROSS
13 INCOME;

14 (III) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME OF AT
15 LEAST 300% BUT NO MORE THAN 500% OF FEDERAL POVERTY GUIDELINES,
16 WHOSE ANNUAL COSTS FOR HEALTH CARE COVERAGE, AS DETERMINED BY THE
17 BOARD OF DIRECTORS OF THE MARYLAND HEALTH INSURANCE POOL, WOULD
18 EXCEED 7.5% OF FEDERAL ADJUSTED GROSS INCOME; AND

19 (IV) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME ABOVE
20 500% OF FEDERAL POVERTY GUIDELINES, WHOSE ANNUAL COSTS FOR HEALTH
21 CARE COVERAGE, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE
22 MARYLAND HEALTH INSURANCE POOL, WOULD EXCEED 10% OF FEDERAL
23 ADJUSTED GROSS INCOME.

24 (2) THE BOARD OF DIRECTORS OF THE MARYLAND HEALTH
25 INSURANCE POOL SHALL PROVIDE ANNUAL COSTS FOR HEALTH CARE
26 COVERAGE TO THE COMPTROLLER FOR THE PURPOSE OF MAKING THE
27 DETERMINATIONS UNDER PARAGRAPH (1) OF THIS SUBSECTION.

28 (D) THE TAXPAYER SHALL INDICATE ON THE INCOME TAX RETURN, IN
29 THE FORM REQUIRED BY THE COMPTROLLER, THE PRESENCE OF HEALTH CARE
30 COVERAGE THAT MEETS THE REQUIREMENTS OF SUBSECTION (B) OF THIS
31 SECTION FOR THE INDIVIDUAL, EACH SPOUSE IN THE CASE OF A MARRIED
32 COUPLE, AND EACH DEPENDENT CHILD.

33 (E) NOTWITHSTANDING § 2-609 OF THIS ARTICLE, AFTER DEDUCTING A

1 REASONABLE AMOUNT FOR ADMINISTRATIVE COSTS, THE COMPTROLLER
2 SHALL DISTRIBUTE THE REVENUES FROM THE PENALTY TO THE HEALTHY
3 MARYLAND FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 9 OF THE
4 INSURANCE ARTICLE.

5 SECTION 6. AND BE IT FURTHER ENACTED, That the Laws of Maryland
6 read as follows:

7 **Article - Tax - General**

8 **10-106.2.**

9 (A) IN THIS SECTION, "CONTINUOUS HEALTH CARE COVERAGE" MEANS
10 CREDITABLE COVERAGE AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE
11 WITH NO LAPSE IN COVERAGE EXCEEDING 63 DAYS IN ANY CALENDAR YEAR.

12 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND
13 SUBSECTION (C) OF THIS SECTION, IN ADDITION TO THE STATE INCOME TAX
14 UNDER § 10-105(A) OF THIS SUBTITLE, A TAXPAYER SHALL BE SUBJECT TO A
15 PENALTY, UNLESS THE TAXPAYER AND EACH DEPENDENT CHILD OF THE
16 TAXPAYER MAINTAINED CONTINUOUS HEALTH CARE COVERAGE DURING THE
17 TAXABLE YEAR.

18 (2) (I) THE PENALTY UNDER PARAGRAPH (1) OF THIS
19 SUBSECTION SHALL BE EQUAL TO 50% OF THE AVERAGE PREMIUM THAT THE
20 TAXPAYER WOULD PAY FOR A BASIC PLAN OFFERED THROUGH THE MARYLAND
21 HEALTH INSURANCE POOL UNDER TITLE 14, SUBTITLE 8 OF THE INSURANCE
22 ARTICLE.

23 (II) THE AVERAGE PREMIUM THAT THE TAXPAYER WOULD
24 PAY FOR A BASIC PLAN:

25 1. SHALL BE THE AVERAGE PREMIUM, AS
26 DETERMINED ANNUALLY BY THE BOARD OF DIRECTORS OF THE MARYLAND
27 HEALTH INSURANCE POOL, FOR A BASIC PLAN THAT COVERS THE TAXPAYER
28 AND, IF APPLICABLE, THE SPOUSE AND ANY DEPENDENT CHILDREN WHO LACK
29 CREDITABLE COVERAGE; AND

30 2. SHALL TAKE INTO ACCOUNT ANY SUBSIDY FOR
31 WHICH THE TAXPAYER WOULD BE ELIGIBLE UNDER THE MARYLAND HEALTH
32 INSURANCE POOL.

33 (3) FOR A MARRIED COUPLE FILING A JOINT RETURN, THE
34 PENALTY UNDER THIS SECTION SHALL EQUAL 50% OF THE AVERAGE PREMIUM

1 FOR A BASIC PLAN THAT COVERS BOTH SPOUSES AND ANY DEPENDENT
2 CHILDREN WHO LACK CREDITABLE COVERAGE.

3 (C) (1) THE COMPTROLLER SHALL PROVIDE FOR EXCEPTIONS TO
4 SUBSECTION (B) OF THIS SECTION:

5 (I) FOR AN INDIVIDUAL WHO IS ELIGIBLE FOR, BUT NOT
6 YET ENROLLED IN MEDICAID;

7 (II) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME BELOW
8 300% OF FEDERAL POVERTY GUIDELINES:

9 1. WHO IS NOT ELIGIBLE FOR MEDICAID; AND

10 2. WHOSE ANNUAL COSTS FOR HEALTH CARE
11 COVERAGE, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE MARYLAND
12 HEALTH INSURANCE POOL, WOULD EXCEED 5% OF FEDERAL ADJUSTED GROSS
13 INCOME;

14 (III) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME OF AT
15 LEAST 300% BUT NO MORE THAN 500% OF FEDERAL POVERTY GUIDELINES,
16 WHOSE ANNUAL COSTS FOR HEALTH CARE COVERAGE, AS DETERMINED BY THE
17 BOARD OF DIRECTORS OF THE MARYLAND HEALTH INSURANCE POOL, WOULD
18 EXCEED 7.5% OF FEDERAL ADJUSTED GROSS INCOME; AND

19 (IV) FOR AN INDIVIDUAL, WITH HOUSEHOLD INCOME ABOVE
20 500% OF FEDERAL POVERTY GUIDELINES, WHOSE ANNUAL COSTS FOR HEALTH
21 CARE COVERAGE, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE
22 MARYLAND HEALTH INSURANCE POOL, WOULD EXCEED 10% OF FEDERAL
23 ADJUSTED GROSS INCOME.

24 (2) THE BOARD OF DIRECTORS OF THE MARYLAND HEALTH
25 INSURANCE POOL SHALL PROVIDE ANNUAL COSTS FOR HEALTH CARE
26 COVERAGE TO THE COMPTROLLER FOR THE PURPOSE OF MAKING THE
27 DETERMINATIONS UNDER PARAGRAPH (1) OF THIS SUBSECTION.

28 (D) THE TAXPAYER SHALL INDICATE ON THE INCOME TAX RETURN, IN
29 THE FORM REQUIRED BY THE COMPTROLLER, THE PRESENCE OF HEALTH CARE
30 COVERAGE THAT MEETS THE REQUIREMENTS OF SUBSECTION (B) OF THIS
31 SECTION FOR THE INDIVIDUAL, EACH SPOUSE IN THE CASE OF A MARRIED
32 COUPLE, AND EACH DEPENDENT CHILD.

33 (E) NOTWITHSTANDING § 2-609 OF THIS ARTICLE, AFTER DEDUCTING A

1 REASONABLE AMOUNT FOR ADMINISTRATIVE COSTS, THE COMPTROLLER
2 SHALL DISTRIBUTE THE REVENUES FROM THE PENALTY TO THE HEALTHY
3 MARYLAND FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 9 OF THE
4 INSURANCE ARTICLE.

5 SECTION 7. AND BE IT FURTHER ENACTED, That all cigarettes used,
6 possessed, or held in the State on or after July 1, 2009, by any person for sale or use in
7 the State, shall be subject to the full tobacco tax of \$2.75 on cigarettes imposed by this
8 Act. This requirement includes: (1) cigarettes in vending machines or other
9 mechanical dispensers; and (2) cigarettes (generally referred to as “floor stock”) in
10 packages which already bear stamps issued by the Comptroller under the State
11 Tobacco Tax Act but for an amount less than the full tax imposed on \$1.375 for each
12 10 cigarettes or fractional part thereof; all cigarettes held for sale by any person in the
13 State on or after July 1, 2009, that bear a stamp issued by the Comptroller of a value
14 less than \$2.75 for each pack of 20 cigarettes must be stamped with the additional
15 stamps necessary to make the aggregate tax value equal to \$2.75. The Comptroller
16 may provide an alternative method of collecting the additional tax. The revenue
17 attributable to this requirement shall be remitted to the Comptroller by October 30,
18 2009. Except as otherwise provided in this section, on or after July 1, 2009, no
19 Maryland stamp shall be used except the stamp issued by the Comptroller to evidence
20 the tobacco tax on cigarettes of \$2.75 imposed by this Act.

21 SECTION 8. AND BE IT FURTHER ENACTED, That the Comptroller shall
22 publicize the requirements of § 10–106.2 of the Tax – General Article, as enacted by
23 Sections 3, 5, and 6 of this Act, to provide an adequate opportunity for individuals to
24 obtain health care coverage and avoid a penalty.

25 SECTION 9. AND BE IT FURTHER ENACTED, That § 10–106.2 of the
26 Tax – General Article, as enacted by Section 3 of this Act, shall take effect January 1,
27 2010, and shall be applicable to all taxable years beginning after December 31, 2009.
28 Section 10–106.2 of the Tax – General Article, as enacted by Section 5 of this Act, shall
29 take effect January 1, 2011, and shall be applicable to all taxable years beginning after
30 December 31, 2010. Section 10–106.2 of the Tax – General Article, as enacted by
31 Section 6 of this Act, shall take effect January 1, 2012, and shall be applicable to all
32 taxable years beginning after December 31, 2011.

33 SECTION 10. AND BE IT FURTHER ENACTED, That Section 4 of this Act
34 shall take effect July 1, 2012.

35 SECTION 11. AND BE IT FURTHER ENACTED, That, except as provided in
36 Sections 9 and 10 of this Act, this Act shall take effect July 1, 2009.