

HOUSE BILL 660

C3, J1

8lr0608

By: **Delegate Reznik**

Introduced and read first time: January 29, 2018

Assigned to: Health and Government Operations and Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Public Health – State–Provided Health Care Benefits for State Residents**
3 **(HealthcareMaryland)**

4 FOR the purpose of establishing the Office of Health Care Coverage in the Maryland
5 Department of Health; providing for the purpose and duties of the Office; requiring
6 the Office to contract with a certain number of managed care organizations;
7 authorizing any health provider to participate in the HealthcareMaryland Program;
8 authorizing a managed care organization to make a certain determination;
9 establishing the requirements for a managed care organization participating in the
10 Program; authorizing a managed care organization participating in the Program to
11 require certain cost sharing by enrollees; requiring that certain cost sharing be
12 scaled in a certain manner; requiring the Office to pay certain managed care
13 organizations at a certain capitated rate; requiring the Office to collaborate with the
14 Motor Vehicle Administration for certain purposes; requiring that certain State
15 residents be auto–enrolled in a managed care organization in a certain manner;
16 requiring the Office to collaborate with the Maryland Health Benefit Exchange to
17 enroll individuals in the Program and ensure the availability of a certain program
18 for enrollment; establishing the Health Care Coverage Fund as a special, nonlapsing
19 fund; specifying the purpose of the Fund; requiring the Department to administer
20 the Fund; requiring the State Treasurer to hold the Fund and the Comptroller to
21 account for the Fund; specifying the contents of the Fund; specifying the purpose for
22 which the Fund may be used; providing for the investment of money in and
23 expenditures from the Fund; requiring interest earnings of the Fund to be credited
24 to the Fund; exempting the Fund from a certain provision of law requiring interest
25 earnings on State money to accrue to the General Fund of the State; requiring the
26 Department to adopt certain regulations; requiring certain employers to pay to the
27 Secretary of Labor, Licensing, and Regulation a certain annual payroll tax in a
28 certain manner; prohibiting an employer from deducting the payroll tax from the
29 wages of an employee; authorizing an employer to exempt certain wages when
30 calculating the payroll tax payment; requiring the Secretary to adopt certain
31 regulations and to pay the revenue from the payroll tax into the Fund; establishing

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 the HealthcareMaryland Commission; providing for the membership, chair, and
2 staffing of the Commission; prohibiting a member of the Commission from receiving
3 certain compensation, but authorizing the reimbursement of certain expenses;
4 requiring the Commission to develop certain recommendations; requiring the
5 Commission to establish certain subcommittees; authorizing the Commission to
6 convene certain workgroups; providing for the duties of the subcommittees; requiring
7 the subcommittees to report to the Commission on or before a certain date; requiring
8 the Commission to report to the Governor and the General Assembly on or before a
9 certain date; providing for a delayed effective date for certain provisions of this Act;
10 providing for the termination of certain provisions of this Act; defining certain terms;
11 and generally relating to health care benefits for State residents.

12 BY adding to
13 Article – Health – General
14 Section 2–901 through 2–906 to be under the new subtitle “Subtitle 9. Office of
15 Health Care Coverage”
16 Annotated Code of Maryland
17 (2015 Replacement Volume and 2017 Supplement)

18 BY adding to
19 Article – Labor and Employment
20 Section 13–101 to be under the new title “Title 13. Payroll Tax”
21 Annotated Code of Maryland
22 (2016 Replacement Volume and 2017 Supplement)

23 BY repealing and reenacting, without amendments,
24 Article – State Finance and Procurement
25 Section 6–226(a)(2)(i)
26 Annotated Code of Maryland
27 (2015 Replacement Volume and 2017 Supplement)

28 BY repealing and reenacting, with amendments,
29 Article – State Finance and Procurement
30 Section 6–226(a)(2)(ii)101. and 102.
31 Annotated Code of Maryland
32 (2015 Replacement Volume and 2017 Supplement)

33 BY adding to
34 Article – State Finance and Procurement
35 Section 6–226(a)(2)(ii)103.
36 Annotated Code of Maryland
37 (2015 Replacement Volume and 2017 Supplement)

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

40 **Article – Health – General**

1 **SUBTITLE 9. OFFICE OF HEALTH CARE COVERAGE.**

2 **2-901.**

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

5 **(B) “COMMISSION” MEANS THE HEALTHCAREMARYLAND COMMISSION**
6 **ESTABLISHED UNDER SECTION 2 OF CHAPTER _____ (H.B. _____) (8LR0608) OF THE**
7 **ACTS OF THE GENERAL ASSEMBLY OF 2018.**

8 **(C) “FUND” MEANS THE HEALTH CARE COVERAGE FUND ESTABLISHED**
9 **UNDER § 2-905 OF THIS SUBTITLE.**

10 **(D) “OFFICE” MEANS THE OFFICE OF HEALTH CARE COVERAGE**
11 **ESTABLISHED UNDER § 2-902 OF THIS SUBTITLE.**

12 **(E) “PROGRAM” MEANS THE HEALTHCAREMARYLAND PROGRAM**
13 **ESTABLISHED BY THE OFFICE.**

14 **2-902.**

15 **(A) THERE IS AN OFFICE OF HEALTH CARE COVERAGE IN THE**
16 **DEPARTMENT.**

17 **(B) THE PURPOSE OF THE OFFICE IS TO ESTABLISH AND CARRY OUT THE**
18 **HEALTHCAREMARYLAND PROGRAM TO PROVIDE HEALTH CARE BENEFITS TO**
19 **STATE RESIDENTS WHO DO NOT RECEIVE FEDERAL BENEFITS THROUGH MEDICARE,**
20 **TRICARE, PLANS THAT ARE SUBJECT TO ERISA, OR ANY OTHER FEDERAL**
21 **MEDICAL PROGRAM.**

22 **(C) THE OFFICE SHALL:**

23 **(1) ENROLL IN THE PROGRAM ALL STATE RESIDENTS WHO DO NOT**
24 **RECEIVE FEDERAL BENEFITS THROUGH MEDICARE, TRICARE, PLANS THAT ARE**
25 **SUBJECT TO ERISA, OR ANY OTHER FEDERAL MEDICAL PROGRAM;**

26 **(2) CONTRACT WITH MANAGED CARE ORGANIZATIONS TO PROVIDE**
27 **PROGRAM BENEFITS;**

28 **(3) DETERMINE REIMBURSEMENT RATES FOR MANAGED CARE**
29 **ORGANIZATIONS AND HEALTH PROVIDERS;**

- 1 4. **SUBSTANCE USE BENEFITS;**
- 2 5. **REPRODUCTIVE BENEFITS;**
- 3 6. **FAMILY PLANNING BENEFITS;**
- 4 7. **IN VITRO FERTILIZATION BENEFITS;**
- 5 8. **DENTAL BENEFITS;**
- 6 9. **VISION BENEFITS; AND**
- 7 10. **ANY OTHER BENEFITS AS DETERMINED BY THE**
- 8 **COMMISSION.**

9 **(5) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A**
10 **MANAGED CARE ORGANIZATION PARTICIPATING IN THE PROGRAM MAY REQUIRE**
11 **COST SHARING BY ENROLLEES, INCLUDING COPAYMENTS AND DEDUCTIBLES, IN**
12 **ACCORDANCE WITH REGULATIONS ADOPTED BY THE PROGRAM.**

13 **(II) 1. THE COST SHARING REQUIRED BY THE PROGRAM**
14 **SHALL BE SCALED ACCORDING TO AN INDIVIDUAL’S INCOME TAX BRACKET.**

15 **2. AN INDIVIDUAL IN THE LOWEST INCOME TAX**
16 **BRACKET MAY NOT BE SUBJECT TO COST SHARING.**

17 **(B) THE OFFICE SHALL PAY MANAGED CARE ORGANIZATIONS**
18 **PARTICIPATING IN THE PROGRAM AT A CAPITATED RATE FOR EACH ENROLLEE**
19 **THAT IS BASED ON THE ACTUARIAL COST OF THE MANAGED CARE ORGANIZATION’S**
20 **BENEFITS, COSTS, AND USAGE.**

21 **2-904.**

22 **(A) (1) THE OFFICE SHALL COLLABORATE WITH THE MOTOR VEHICLE**
23 **ADMINISTRATION TO:**

24 **(I) USING THE DRIVER’S LICENSE DATABASE, IDENTIFY STATE**
25 **RESIDENTS WHO ARE ELIGIBLE FOR THE PROGRAM; AND**

26 **(II) CONTACT ELIGIBLE STATE RESIDENTS AND PROVIDE AN**
27 **OPPORTUNITY FOR THE RESIDENT TO ENROLL WITH A MANAGED CARE**
28 **ORGANIZATION.**

1 **(2) A STATE RESIDENT WHO DOES NOT ENROLL WITH A MANAGED**
2 **CARE ORGANIZATION SHALL BE AUTO-ENROLLED IN A MANAGED CARE**
3 **ORGANIZATION IN A MANNER THAT ENSURES EQUITABLE DISTRIBUTION OF**
4 **ENROLLEES AMONG THE MANAGED CARE ORGANIZATIONS.**

5 **(B) THE OFFICE SHALL:**

6 **(1) COLLABORATE WITH THE MARYLAND HEALTH BENEFIT**
7 **EXCHANGE TO ENROLL STATE RESIDENTS IN THE PROGRAM; AND**

8 **(2) ENSURE THE AVAILABILITY OF A WEB-BASED PROGRAM FOR**
9 **ENROLLMENT THAT IS:**

10 **(I) LOCATED IN HEALTH CARE FACILITIES AND OFFICES; AND**

11 **(II) ACCESSIBLE BY A STATE RESIDENT WHO DOES NOT HAVE A**
12 **DRIVER'S LICENSE OR STATE-ISSUED IDENTIFICATION CARD.**

13 **2-905.**

14 **(A) THERE IS A HEALTH CARE COVERAGE FUND.**

15 **(B) THE PURPOSE OF THE FUND IS TO PROVIDE HEALTH CARE COVERAGE**
16 **TO ELIGIBLE STATE RESIDENTS THROUGH THE PROGRAM.**

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

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

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

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

23 **(1) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND IN**
24 **AN AMOUNT AT LEAST EQUAL TO THE ANNUAL COST OF STATE PERSONNEL HEALTH**
25 **INSURANCE COSTS AS OF 2017;**

26 **(2) ANY REVENUE RECEIVED FROM THE PAYROLL TAX IMPOSED ON**
27 **EMPLOYERS UNDER § 13-101 OF THE LABOR AND EMPLOYMENT ARTICLE;**

28 **(3) ANY FUNDS AVAILABLE TO THE STATE RESULTING FROM SAVINGS**

1 ACHIEVED THROUGH THE STREAMLINING, CONSOLIDATION, OR ELIMINATION OF
2 COMMISSIONS, PROGRAMS, OR OTHER UNITS OF STATE OR LOCAL GOVERNMENT IN
3 ESTABLISHING THE PROGRAM;

4 (4) ANY SAVINGS ACHIEVED BY THE STATE AS A PURCHASER OF
5 PHARMACEUTICALS OR THROUGH NEGOTIATED REIMBURSEMENT RATES;

6 (5) INTEREST EARNINGS OF THE FUND; AND

7 (6) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR
8 THE BENEFIT OF THE FUND.

9 (F) THE FUND MAY BE USED ONLY FOR ANY COSTS ASSOCIATED WITH THE
10 OFFICE AND CARRYING OUT THE PROGRAM, INCLUDING ANY ADMINISTRATIVE
11 EXPENSES.

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

14 (2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO
15 THE FUND.

16 2-906.

17 THE OFFICE SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SUBTITLE.

18 Article – Labor and Employment

19 TITLE 13. PAYROLL TAX.

20 13-101.

21 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
22 INDICATED.

23 (2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
24 PARAGRAPH, “EMPLOYER” HAS THE MEANING STATED IN § 10-905 OF THE TAX –
25 GENERAL ARTICLE.

26 (II) “EMPLOYER” DOES NOT INCLUDE THE FEDERAL
27 GOVERNMENT OR ANOTHER STATE.

28 (3) “PAYROLL TAX” MEANS THE TAX IMPOSED UNDER THIS SECTION.

1 (4) "SECRETARY" MEANS THE SECRETARY OF LABOR, LICENSING,
2 AND REGULATION.

3 (5) "WAGES" HAS THE MEANING STATED IN § 10-905 OF THE TAX -
4 GENERAL ARTICLE.

5 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, EACH
6 EMPLOYER SHALL PAY TO THE SECRETARY AN ANNUAL PAYROLL TAX EQUAL TO 10%
7 OF THE TOTAL WAGES PAID TO ITS EMPLOYEES IN THE STATE DURING THE
8 IMMEDIATELY PRECEDING CALENDAR YEAR.

9 (2) WHEN CALCULATING THE PAYROLL TAX PAYMENT, AN EMPLOYER
10 MAY EXEMPT:

11 (I) WAGES PAID TO ANY EMPLOYEE BEYOND THE AMOUNT
12 TAXABLE FOR FEDERAL SOCIAL SECURITY (FICA) PURPOSES; AND

13 (II) WAGES PAID TO AN EMPLOYEE WHO IS ENROLLED IN OR
14 ELIGIBLE FOR MEDICARE OR RECEIVES FEDERAL BENEFITS THROUGH TRICARE,
15 PLANS THAT ARE SUBJECT TO ERISA, OR ANY OTHER FEDERAL MEDICAL PROGRAM.

16 (C) AN EMPLOYER MAY NOT DEDUCT THE PAYROLL TAX, WHOLLY OR
17 PARTLY, FROM THE WAGES OF AN EMPLOYEE.

18 (D) AN EMPLOYER SHALL PAY THE PAYROLL TAX TO THE SECRETARY ON A
19 PERIODIC BASIS AND SUBMIT TO THE SECRETARY PERIODIC REPORTS FOR THE
20 DETERMINATION OF THE PAYROLL TAX DUE AS REQUIRED BY THE SECRETARY IN
21 REGULATIONS.

22 (E) THE SECRETARY SHALL:

23 (1) ADOPT REGULATIONS TO ADMINISTER AND COLLECT THE
24 PAYROLL TAX; AND

25 (2) PAY THE REVENUE FROM THE PAYROLL TAX INTO THE HEALTH
26 CARE COVERAGE FUND ESTABLISHED UNDER § 2-905 OF THE HEALTH - GENERAL
27 ARTICLE.

28 **Article - State Finance and Procurement**

29 6-226.

30 (a) (2) (i) Notwithstanding any other provision of law, and unless

1 inconsistent with a federal law, grant agreement, or other federal requirement or with the
2 terms of a gift or settlement agreement, net interest on all State money allocated by the
3 State Treasurer under this section to special funds or accounts, and otherwise entitled to
4 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General
5 Fund of the State.

6 (ii) The provisions of subparagraph (i) of this paragraph do not apply
7 to the following funds:

8 101. the Advance Directive Program Fund; [and]

9 102. the Make Office Vacancies Extinct Matching Fund; AND

10 **103. THE HEALTH CARE COVERAGE FUND.**

11 SECTION 2. AND BE IT FURTHER ENACTED, That:

12 (a) There is a HealthcareMaryland Commission.

13 (b) The Commission consists of the following members:

14 (1) one member of the Senate of Maryland, appointed by the President of
15 the Senate;

16 (2) one member of the House of Delegates, appointed by the Speaker of the
17 House;

18 (3) the Secretary of Health, or the Secretary's designee;

19 (4) the Secretary of Human Services, or the Secretary's designee;

20 (5) the Maryland Insurance Commissioner, or the Commissioner's
21 designee;

22 (6) the Attorney General, or the Attorney General's designee;

23 (7) the Executive Director of the Maryland Health Care Commission, or the
24 Executive Director's designee;

25 (8) the Executive Director of the Health Services Cost Review Commission,
26 or the Executive Director's designee;

27 (9) the Executive Director of the Maryland Health Benefit Exchange, or the
28 Executive Director's designee;

29 (10) the Motor Vehicle Administrator, or the Administrator's designee;

1 (11) the Comptroller of Maryland; and

2 (12) the following members, appointed by the Governor:

3 (i) one representative from the Maryland Hospital Association;

4 (ii) one representative of a managed care organization, appointed
5 jointly by the President of the Senate and the Speaker of the House;

6 (iii) one representative of an administrative services organization;
7 and

8 (iv) one representative from MedChi, the Maryland State Medical
9 Society.

10 (c) The Secretary of Health, or the Secretary's designee, shall serve as chair of
11 the Commission.

12 (d) The Maryland Department of Health shall provide staff for the Commission.

13 (e) A member of the Commission:

14 (1) may not receive compensation as a member of the Commission; but

15 (2) is entitled to reimbursement for expenses under the Standard State
16 Travel Regulations, as provided in the State budget.

17 (f) The Commission shall provide recommendations for implementation of the
18 HealthcareMaryland Program established under Section 1 of this Act, including the
19 financing, benefit package, rate structure, enrollment criteria, and provider requirements
20 for the Program.

21 (g) (1) From among its members, the Commission shall establish the following
22 subcommittees:

23 (i) Financing;

24 (ii) Benefits;

25 (iii) Rate and Reimbursement;

26 (iv) Enrollment and Provider Criteria; and

27 (v) Program Design.

28 (2) The Commission may convene workgroups to solicit input from
29 stakeholders.

1 (3) The Financing subcommittee shall:

2 (i) determine the cost of State personnel health coverage;

3 (ii) calculate the total cost in the State budget that is allocated for
4 health care, including government agencies and any other line item that would be
5 duplicative under the HealthcareMaryland Program established under Section 1 of this
6 Act;

7 (iii) determine the cost sharing structure to be implemented by the
8 Office of Health Care Coverage, established under Section 1 of this Act, which shall be
9 scaled according to an individual's income tax bracket;

10 (iv) identify federal funding sources that are available, including
11 Medicaid matching funds, waiver contributions, and funding sources for behavioral health
12 and substance use; and

13 (v) identify funding sources, in addition to a payroll tax, to cover the
14 costs of operating the HealthcareMaryland Program established under Section 1 of this Act.

15 (4) The Benefits subcommittee shall:

16 (i) determine the essential health benefits package to be covered
17 under the HealthcareMaryland Program, established under Section 1 of this Act, that is
18 equal to or more comprehensive than the benefits provided under the federal Patient
19 Protection and Affordable Care Act; and

20 (ii) determine the benefits to be covered beyond the benefits provided
21 under the federal Patient Protection and Affordable Care Act, including developmental and
22 intellectual disability benefits, substance use, behavioral health, reproductive health,
23 family planning and in vitro fertilization, dental, and vision.

24 (5) The Enrollment and Provider Criteria subcommittee shall:

25 (i) establish the criteria for eligible enrollees, which shall include all
26 Maryland residents, except residents who receive coverage under Medicare, under
27 TRICARE or any other military coverage, through plans that are subject to ERISA, or
28 through a Federal Employee Health Insurance Plan; and

29 (ii) make recommendations on how to convert individuals who
30 receive coverage through the Maryland Health Benefit Exchange to enrollees in the
31 HealthcareMaryland Program established under Section 1 of this Act.

32 (6) The Program Design subcommittee shall:

33 (i) identify any office, program, commission, or other unit of State

1 or local government that is duplicative or unnecessary as a result of the implementation of
2 the HealthcareMaryland Program established under Section 1 of this Act; and

3 (ii) make recommendations on how to streamline the State's health
4 care delivery system to implement the HealthcareMaryland Program, established under
5 Section 1 of this Act, including statutory and regulatory changes.

6 (h) (1) On or before July 1, 2019, the subcommittees established under
7 subsection (g) of this section shall report their findings and recommendations to the
8 Commission.

9 (2) On or before December 1, 2019, the Commission shall report to the
10 Governor and, in accordance with § 2-1246 of the State Government Article, the General
11 Assembly on regulatory and legislative recommendations to:

12 (i) implement the HealthcareMaryland Program established under
13 Section 1 of this Act; and

14 (ii) establish a permanent HealthcareMaryland Commission.

15 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take
16 effect July 1, 2020.

17 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in Section
18 3 of this Act, this Act shall take effect July 1, 2018. Section 2 of this Act shall remain
19 effective for a period of 3 years and, at the end of June 30, 2021, Section 2 of this Act, with
20 no further action required by the General Assembly, shall be abrogated and of no further
21 force and effect.