

# HOUSE BILL 1400

P4, L6, F1

8lr2352  
CF 8lr2609

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By: Delegates Morhaim, McIntosh, Angel, Arentz, Atterbeary, Aumann, B. Barnes, Barve, Beitzel, Brooks, Carr, Ciliberti, Clippinger, Cluster, Conaway, Corderman, Dumais, Fraser-Hidalgo, Frick, Frush, Gibson, Gutierrez, Hayes, Haynes, Hettleman, Hill, Hixson, S. Howard, Jalisi, Jones, Kipke, Kittleman, Korman, Kramer, Krimm, Lafferty, Lam, J. Lewis, Lierman, Lisanti, Luedtke, Malone, McComas, McCray, McKay, Moon, Proctor, Queen, Rey, Reznik, Saab, Sanchez, Stein, Sydnor, Valentino-Smith, Vallario, Waldstreicher, West, K. Young, ~~and P. Young~~ P. Young, and A. Miller

Introduced and read first time: February 9, 2018  
Assigned to: Appropriations

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 13, 2018

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Employee and Retiree Health and Welfare Benefits Program – Employees**  
3 **of ~~Qualifying Organizations~~ County Boards**

4 FOR the purpose of ~~altering the definition of “qualifying nonprofit organization” to~~  
5 ~~authorize certain nonprofit entities to qualify for participation in the State Employee~~  
6 ~~and Retiree Health and Welfare Benefits Program;~~ authorizing an employee of a  
7 county board to participate in the Program; ~~establishing the Task Force to Study~~  
8 ~~Cooperative Purchasing for Health Insurance;~~ providing for the composition, chair,  
9 and staffing of the Task Force; ~~prohibiting a member of the Task Force from receiving~~  
10 ~~certain compensation, but authorizing the reimbursement of certain expenses;~~  
11 ~~requiring the Task Force to study and make certain recommendations regarding~~  
12 ~~cooperative purchasing of health insurance; requiring the Task Force to report its~~  
13 ~~findings and recommendations to the Governor and General Assembly on or before~~  
14 ~~a certain date; providing for the termination of certain provisions of this Act; defining~~  
15 a certain term; making conforming changes; and generally relating to the State  
16 Employee and Retiree Health and Welfare Benefits Program.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

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



1 BY repealing and reenacting, with amendments,  
 2 Article – State Personnel and Pensions  
 3 Section ~~2-501, 2-512,~~ and 2-513  
 4 Annotated Code of Maryland  
 5 (2015 Replacement Volume and 2017 Supplement)

6 BY repealing and reenacting, without amendments,  
 7 Article – State Personnel and Pensions  
 8 ~~Section 2-502 and 2-503(d)(2)~~ Section 2-502, 2-503(d)(2), and 2-512  
 9 Annotated Code of Maryland  
 10 (2015 Replacement Volume and 2017 Supplement)

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

13 **Article – State Personnel and Pensions**

14 2-501.

15 (a) In this subtitle the following terms have the meanings indicated.

16 **(B) (1) “COUNTY BOARD” MEANS THE BOARD OF EDUCATION OF A**  
 17 **COUNTY.**

18 **(2) “COUNTY BOARD” INCLUDES THE BALTIMORE CITY BOARD OF**  
 19 **SCHOOL COMMISSIONERS.**

20 **[(b)] (C)** “Program” means the State Employee and Retiree Health and Welfare  
 21 Benefits Program.

22 **[(c)] (D)** “Satellite organization” means any organization or entity whose  
 23 employees are eligible to participate in the State Employee and Retiree Health and Welfare  
 24 Benefits Program as a separate account.

25 **[(d)] (E)** “Wellness program” means a program that is designed to:

26 (1) promote health or prevent or detect disease or illness;

27 (2) improve clinical outcomes;

28 (3) prevent or reduce acute admissions and readmissions to health care  
 29 facilities;

30 (4) improve treatment compliance for chronic conditions;

31 (5) promote healthy behaviors; or

1 (6) prevent or control injury.

2 2-502.

3 (a) There is a State Employee and Retiree Health and Welfare Benefits Program,  
4 to be developed and administered by the Secretary.

5 (b) (1) The Program:

6 (i) subject to the regulations adopted under § 2-503 of this subtitle,  
7 shall encompass all units in the Executive, Judicial, and Legislative branches of State  
8 government, including any unit with an independent personnel system;

9 (ii) shall include the health insurance benefit options established by  
10 the Secretary; and

11 (iii) except as provided in paragraph (2) of this subsection, may  
12 include any other benefit option that the Secretary considers appropriate.

13 (2) The Program may not contain any of the benefits provided under  
14 Division II or Title 35 or Title 37 of this article.

15 2-503.

16 (d) (2) Employees of organizations and entities covered by this section may  
17 participate:

18 (i) without State subsidies; and

19 (ii) with payment by the organization or entity of administrative  
20 costs resulting from the participation of its employees in the Program.

21 2-512.

22 (a) In this section, “qualifying nonprofit organization” means an organization  
23 that:

24 (1) ~~¶~~(i) receives State funds from the Maryland Department of Health  
25 that cover more than one-third of the organization’s operating expenses; and

26 (ii)~~¶~~ is:

27 ~~¶1.¶~~ ~~(¶)~~ described in § 501(c)(3) of the Internal Revenue  
28 Code; and

1 ~~2.1 (H)~~ exempt from income tax under § 501(a) of the  
2 Internal Revenue Code;

3 (2) is the Legal Aid Bureau, Inc.;

4 (3) is a corporation, a limited liability company, or any other entity that is  
5 wholly owned by the Legal Aid Bureau, Inc.; or

6 (4) is the Maryland Crime Victims' Resource Center.

7 (b) The Secretary shall adopt regulations for the enrollment and participation of  
8 employees of a qualifying nonprofit organization to participate in the Program as a satellite  
9 organization.

10 (c) A qualifying nonprofit organization that participates in the Program as a  
11 satellite organization shall:

12 (1) pay to the State:

13 (i) a premium in the amount determined by the Secretary; and

14 (ii) any costs, as determined by the Secretary, for the administration  
15 of this Program; and

16 (2) determine the extent to which the organization will subsidize  
17 participation by its employees in the Program.

18 2-513.

19 (a) An employee of a county [or], municipal corporation, **OR COUNTY BOARD**  
20 may enroll and participate in the health insurance benefit options established under the  
21 Program with the approval of the governing body of the county [or], municipal corporation,  
22 **OR COUNTY BOARD**.

23 (b) The governing body of the county [or], municipal corporation, **OR COUNTY**  
24 **BOARD** shall:

25 (1) pay to the State the total costs resulting from the participation of its  
26 employees in the Program; and

27 (2) determine the extent to which the county or municipal corporation will  
28 subsidize participation by its employees in the Program.

29 ~~SECTION 2. AND BE IT FURTHER ENACTED, That:~~

30 (a) ~~There is a Task Force to Study Cooperative Purchasing for Health Insurance.~~

- 1           (b) ~~The Task Force consists of the following members:~~
- 2           (1) ~~two members of the Senate of Maryland, appointed by the President of~~  
3 ~~the Senate;~~
- 4           (2) ~~two members of the House of Delegates, appointed by the Speaker of~~  
5 ~~the House;~~
- 6           (3) ~~the Secretary of Budget and Management, or the Secretary's designee;~~
- 7           (4) ~~the Maryland Insurance Commissioner, or the Commissioner's~~  
8 ~~designee;~~
- 9           (5) ~~the Procurement Advisor; and~~
- 10          (6) ~~the following members, appointed by the Governor:~~
- 11               (i) ~~one representative of the Maryland Association of Counties;~~
- 12               (ii) ~~one representative of the Maryland Association of Boards of~~  
13 ~~Education;~~
- 14               (iii) ~~one representative of the Maryland Municipal League;~~
- 15               (iv) ~~one representative of the Maryland Public Purchasing~~  
16 ~~Association;~~
- 17               (v) ~~one representative of the American Federation for State, County,~~  
18 ~~and Municipal Employees;~~
- 19               (vi) ~~one representative of the Maryland State Education Association;~~  
20 ~~and~~
- 21               (viii) ~~one representative of Maryland Nonprofits.~~
- 22          (c) ~~The Procurement Advisor shall be the chair of the Task Force.~~
- 23          (d) ~~The Department of Budget and Management and the Maryland Insurance~~  
24 ~~Administration shall provide staff for the Task Force.~~
- 25          (e) ~~A member of the Task Force:~~
- 26               (1) ~~may not receive compensation as a member of the Task Force; but~~
- 27               (2) ~~is entitled to reimbursement for expenses under the Standard State~~  
28 ~~Travel Regulations, as provided in the State budget.~~

1           ~~(f) In order to pool public employee health care purchasing by transitioning~~  
 2 ~~counties, municipal corporations, and county boards to the State health plan while~~  
 3 ~~maintaining a broad package of benefits and reasonable premiums, the Task Force shall:~~

4           ~~(1) study models of cooperative purchasing of health insurance;~~

5           ~~(2) recommend the health insurance benefit options that should be offered~~  
 6 ~~to:~~

7           ~~(i) nonprofit organizations that qualify and elect to participate in~~  
 8 ~~the State health plan;~~

9           ~~(ii) county, municipal corporation, and county board employees;~~

10           ~~(iii) a surviving spouse, child, or dependent parent of a county,~~  
 11 ~~municipal corporation, or county board employee who died while employed by the State;~~  
 12 ~~and~~

13           ~~(iv) a retired county, municipal corporation, or county board~~  
 14 ~~employee;~~

15           ~~(3) recommend ways to:~~

16           ~~(i) minimize and combine administrative costs; and~~

17           ~~(ii) transition county, municipal corporation, and county boards to~~  
 18 ~~the State plan without adversely affecting the health benefits of any employee;~~

19           ~~(4) recommend whether the State should limit the number of nonprofit~~  
 20 ~~organizations that can participate in the State health plan; and~~

21           ~~(5) make any other recommendations to control health costs and offer a~~  
 22 ~~variety of health benefit plan choices.~~

23           ~~(g) On or before January 1, 2020, the Task Force shall report its findings and~~  
 24 ~~recommendations to the Governor and, in accordance with § 2-1246 of the State~~  
 25 ~~Government Article, the General Assembly.~~

26           SECTION ~~2~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 27 October 1, 2018. ~~Section 2 of this Act shall remain effective for a period of 3 years and, at~~  
 28 ~~the end of September 30, 2021, Section 2 of this Act, with no further action required by the~~  
 29 ~~General Assembly, shall be abrogated and of no further force and effect.~~