

SENATE BILL 601

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3lr1331
CF HB 814

By: ~~Senator Feldman~~ Senators Feldman, Beidle, Ellis, Gile, Griffith, Hayes, Hester, Kramer, and Lam

Introduced and read first time: February 6, 2023

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 7, 2023

CHAPTER _____

1 AN ACT concerning

2 **Maryland Health Benefit Exchange – State-Based Young Adult Health**
3 **Insurance Subsidies Pilot Program – Sunset ~~Repeal~~ Extension**

4 FOR the purpose of ~~renaming~~ extending the termination date of certain provisions of law
5 that establish and govern the funding for the State-Based Young Adult Health
6 Insurance Subsidies Pilot Program to be the State-Based Young Adult Health
7 Insurance Subsidies Program; repealing the termination date of certain provisions
8 of law that establish and govern the funding for the Program; requiring the
9 Maryland Health Benefit Exchange to conduct a study on available federal and State
10 subsidies and report its findings and recommendations on or before a certain date;
11 and generally relating to the health insurance subsidies for young adults.

12 BY repealing and reenacting, without amendments,

13 Article – Insurance

14 Section 31–107

15 Annotated Code of Maryland

16 (2017 Replacement Volume and 2022 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article – Insurance

19 Section ~~31–107~~ and 31–122

20 Annotated Code of Maryland

21 (2017 Replacement Volume and 2022 Supplement)

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 Chapter 778 of the Acts of the General Assembly of 2021
3 Section 2

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

6 **Article – Insurance**

7 31–107.

8 (a) There is a Maryland Health Benefit Exchange Fund.

9 (b) (1) The purpose of the Fund is to:

10 (i) provide funding for the operation and administration of the
11 Exchange in carrying out the purposes of the Exchange under this subtitle;

12 (ii) provide funding for the establishment and operation of the State
13 Reinsurance Program authorized under this subtitle;

14 (iii) provide funding for the Medical Assistance Program and the
15 Senior Prescription Drug Assistance Program;

16 (iv) provide funding for the establishment and operation of Health
17 Equity Resource Communities under Title 20, Subtitle 14 of the Health – General Article;
18 and

19 (v) provide funding for the establishment and operation of the
20 State–Based Young Adult Health Insurance Subsidies ~~¶Pilot~~ Program authorized under
21 this subtitle.

22 (2) The operation and administration of the Exchange, the State
23 Reinsurance Program, and the State–Based Young Adult Health Insurance Subsidies
24 ~~¶Pilot~~ Program may include functions delegated by the Exchange to a third party under
25 law or by contract.

26 (c) The Exchange shall administer the Fund.

27 (d) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of
28 the State Finance and Procurement Article.

29 (2) The State Treasurer shall hold the Fund separately, and the
30 Comptroller shall account for the Fund.

31 (e) The Fund consists of:

- 1 (1) any user fees or other assessments collected by the Exchange;
- 2 (2) all revenue deposited into the Fund that is received from the
3 distribution of the premium tax under § 6–103.2 of this article;
- 4 (3) income from investments made on behalf of the Fund;
- 5 (4) interest on deposits or investments of money in the Fund;
- 6 (5) money collected by the Board as a result of legal or other actions taken
7 by the Board on behalf of the Exchange or the Fund;
- 8 (6) money donated to the Fund;
- 9 (7) money awarded to the Fund through grants;
- 10 (8) any pass-through funds received from the federal government under a
11 waiver approved under § 1332 of the Affordable Care Act;
- 12 (9) any funds designated by the federal government to provide reinsurance
13 to carriers that offer individual health benefit plans in the State;
- 14 (10) any funds designated by the State to provide reinsurance to carriers
15 that offer individual health benefit plans in the State;
- 16 (11) any funds designated by the State to provide State-based health
17 insurance subsidies to young adults in the State;
- 18 (12) any federal funds received in accordance with § 31–121 of this subtitle
19 for the administration of small business tax credits; and
- 20 (13) any other money from any other source accepted for the benefit of the
21 Fund.

- 22 (f) (1) The Fund may be used only:
- 23 (i) 1. for the operation and administration of the Exchange in
24 carrying out the purposes authorized under this subtitle;
 - 25 2. for the establishment and operation of the State
26 Reinsurance Program; and
 - 27 3. for appropriations to the Health Equity Resource
28 Community Reserve Fund under § 20–1407 of the Health – General Article;

1 (ii) in fiscal years 2021 and 2022, for the Medical Assistance
2 Program within the Medical Care Programs Administration of the Maryland Department
3 of Health;

4 (iii) in fiscal year 2022, for the Senior Prescription Drug Assistance
5 Program established under Title 15, Subtitle 10 of the Health – General Article; and

6 (iv) for the establishment and operation of the State–Based Young
7 Adult Health Insurance Subsidies ~~¶Pilot¶~~ Program.

8 (2) In each of fiscal years 2023 through 2025, the Governor shall:

9 (i) transfer \$15,000,000 to the Health Equity Resource Community
10 Reserve Fund; and

11 (ii) include the funds transferred in accordance with item (i) of this
12 paragraph in the annual budget bill as an appropriation to the Health Equity Resource
13 Community Reserve Fund under § 20–1407 of the Health – General Article.

14 (g) (1) The Board shall maintain separate accounts within the Fund for
15 Exchange operations, for the State Reinsurance Program, and for the State–Based Young
16 Adult Health Insurance Subsidies ~~¶Pilot¶~~ Program.

17 (2) Accounts within the Fund shall contain the money that is intended to
18 support the purpose for which each account is designated.

19 (3) Funds received from the distribution of the premium tax under §
20 6–103.2 of this article shall be placed in the account for Exchange operations and may be
21 used only for the purpose of funding the operation and administration of the Exchange.

22 (4) The following funds may be used only for the purposes of funding the
23 State Reinsurance Program:

24 (i) any pass–through funds received from the federal government
25 under a waiver approved under § 1332 of the Affordable Care Act to provide reinsurance to
26 carriers that offer individual health benefit plans in the State;

27 (ii) any funds designated by the federal government to provide
28 reinsurance to carriers that offer individual health benefit plans in the State;

29 (iii) any funds designated by the State to provide reinsurance to
30 carriers that offer individual health benefit plans in the State; and

31 (iv) except as provided in subsection (f) of this section, funds received
32 from the distribution of the assessment under § 6–102.1 of this article.

1 (h) (1) Expenditures from the Fund for the purposes authorized by this
2 subtitle may be made only:

3 (i) with an appropriation from the Fund approved by the General
4 Assembly in the State budget; or

5 (ii) by the budget amendment procedure provided for in Title 7,
6 Subtitle 2 of the State Finance and Procurement Article.

7 (2) Notwithstanding § 7–304 of the State Finance and Procurement Article,
8 if the amount of the distribution from the premium tax under § 6–103.2 of this article
9 exceeds in any State fiscal year the actual expenditures incurred for the operation and
10 administration of the Exchange, funds in the Exchange operations account from the
11 premium tax that remain unspent at the end of the State fiscal year shall revert to the
12 General Fund of the State.

13 (3) If operating expenses of the Exchange may be charged to either State
14 or non-State fund sources, the non-State funds shall be charged before State funds are
15 charged.

16 (i) (1) The State Treasurer shall invest the money of the Fund in the same
17 manner as other State money may be invested.

18 (2) Any investment earnings of the Fund shall be credited to the Fund.

19 (3) Except as provided in subsection (h)(2) of this section, no part of the
20 Fund may revert or be credited to the General Fund or any special fund of the State.

21 (j) A debt or an obligation of the Fund is not a debt of the State or a pledge of
22 credit of the State.

23 31–122.

24 (a) ~~In this section, [“Pilot Program”] “PROGRAM” means the State-Based Young~~

25 (a) In this section, “Pilot Program” means the State-Based Young Adult Health
26 Insurance Subsidies [Pilot] Program.

27 (b) The Exchange, in consultation with the Commissioner and as approved by the
28 Board, shall establish and implement a State-Based Young Adult Health Insurance
29 Subsidies [Pilot] Program to provide subsidies to young adults for the purchase of health
30 benefit plans in the individual health insurance market.

31 (c) The [Pilot] Program required under this section shall be designed to:

32 (1) reduce the amount that young adults pay for health benefit plans in the
33 individual health insurance market; and

1 (2) target young adults who are not directly impacted by the State
2 Reinsurance Program.

3 (d) (1) For ~~EACH~~ calendar [years 2022 and 2023] ~~YEAR~~ YEARS 2022
4 THROUGH 2025, the Exchange, in consultation with the Commissioner and as approved
5 by the Board, shall establish subsidy eligibility and payment parameters for the ~~{Pilot}~~
6 Program.

7 (2) In determining the subsidy eligibility and payment parameters
8 required under paragraph (1) of this subsection, the Exchange shall consider:

9 (i) young adults at least 18 years old and under the age of 41 years;
10 and

11 (ii) income groups between 133% and 400% of the federal poverty
12 level.

13 (e) Subject to available funds, in each ~~{of}~~ fiscal ~~{year}~~ [years 2022 through ~~2024~~ 2026]
14 ~~YEAR~~, the Exchange may designate funds from the Fund to be used for the ~~{Pilot}~~ Program
15 so that not more than \$20,000,000 in annual subsidies may be provided to young adults
16 who meet the subsidy eligibility and payment parameters established under subsection (d)
17 of this section [in calendar years 2022 and 2023].

18 (f) [On or before January 1, 2022, the] ~~THE~~ Exchange shall adopt regulations
19 implementing the provisions of this section.

20 (g) [On or before January 1, 2023, the] ~~THE~~ Exchange shall adopt regulations to
21 provide a subsidy to cover 100% of the cost of the premium for young adults who have a 0%
22 expected contribution under the subsidy eligibility parameters established under
23 subsection (d) of this section [in calendar year 2023].

24 (h) (1) The Exchange shall track on a monthly basis expenditures on subsidies
25 provided under the ~~{Pilot}~~ Program, including:

26 (i) the average number of young adults receiving subsidies under
27 the ~~{Pilot}~~ Program; and

28 (ii) the average subsidy amount received by young adults under the
29 ~~{Pilot}~~ Program.

30 (2) The Exchange shall track:

31 (i) the impact the ~~{Pilot}~~ Program has on rates in the individual
32 insurance market; and

1 (ii) the impact of covering 100% of the cost of premiums for qualified
2 participants on effectuation rates and termination for nonpayment rates.

3 (3) The information tracked by the Exchange under paragraphs (1) and (2)
4 of this subsection shall be:

5 (i) posted on the website of the Exchange; and

6 (ii) included in the annual report required under § 31-119(d) of this
7 subtitle.

8 Chapter 778 of the Acts of 2021

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2021. ~~It shall remain effective for a period of 5 years and, at the end of June 30, 2024~~
11 2026, this Act, with no further action required by the General Assembly, shall be abrogated
12 and of no further force and effect.‡

13 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 1,
14 2024, the Maryland Health Benefit Exchange, in consultation with the Maryland Insurance
15 Administration, shall:

16 (1) conduct a study of:

17 (i) available federal and State subsidies;

18 (ii) the State's § 1332 waiver and whether it should be amended to
19 include young adults or otherwise to maximize federal pass-through funds and impact the
20 largest number of individuals so as to reduce the State's uninsured rate; and

21 (iii) the number of individuals who signed up for health insurance
22 through the Exchange because of the young adult subsidy; and

23 (2) report to the Senate Finance Committee and the House Health and
24 Government Operations Committee, in accordance with § 2-1257 of the State Government
25 Article, on its findings and recommendations.

26 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 July 1, 2023.