

# SENATE BILL 795

J1, C3, Q3

71r2485

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By: **Senator Middleton**

Introduced and read first time: February 15, 2007

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Health Care Expansion Program**

3 FOR the purpose of expanding eligibility under the Maryland Medical Assistance  
4 Program to certain parents with certain income and certain adults with certain  
5 income, subject to certain limitations; establishing the Health Care Expansion  
6 Program in the Department of Health and Mental Hygiene; establishing the  
7 purpose of and funding for the Program; requiring the Department to develop  
8 and implement a certain Health Insurance Premium Subsidy Plan; requiring the  
9 Plan to provide subsidies for certain premium contributions made for coverage  
10 under the Limited Health Benefit Plan offered in the small group insurance  
11 market; establishing eligibility requirements for a premium subsidy under the  
12 Plan; requiring the Secretary of Health and Mental Hygiene to determine the  
13 maximum number of premium subsidies that may be provided under the Plan  
14 based on certain criteria; requiring the Department to begin providing premium  
15 subsidies beginning at a certain time, subject to certain limitations; establishing  
16 the Health Care Expansion Program Fund; establishing the purpose and  
17 contents of the Fund; requiring the Department to administer the Fund;  
18 specifying the purposes for which the Fund may be used; providing that the  
19 investment of earnings in the Fund shall be credited to the Fund; requiring  
20 money from the Fund to supplement and not supplant funding for a certain  
21 program; providing that the Fund is subject to a certain audit; requiring the  
22 Department, in consultation with certain other entities, to develop and distribute  
23 certain brochures, pamphlets, or other materials; requiring the Department to  
24 adopt certain regulations; requiring a certain carrier, and authorizing other  
25 carriers, in the small group insurance market to offer a Limited Health Benefit  
26 Plan to a certain employee of a small employer who is not included as an

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 employee under a health benefit plan and who is eligible for a certain premium  
2 subsidy; expanding the definition of a “health benefit plan” for purposes of the  
3 small group insurance market to include a health benefit plan issued to certain  
4 eligible employees; making conforming changes to certain provisions of law  
5 governing health benefit plans offered in the small group insurance market;  
6 requiring a carrier in the small group insurance market to offer a discounted rate  
7 to a small employer that provides a certain wellness program for certain  
8 employees; requiring the Limited Health Benefit Plan to include a certain  
9 coverage option; altering the conditions under which the Limited Health Benefit  
10 Plan is required or authorized to be offered to a small employer; requiring a  
11 certain carrier in the small group insurance market to issue a Limited Health  
12 Benefit Plan to certain individuals; imposing a certain surcharge on the income  
13 tax of certain individuals with income above certain levels in certain taxable  
14 years; providing that the surcharge does not apply under certain circumstances;  
15 providing for certain exceptions; requiring the revenues from the surcharge to be  
16 distributed to the Health Care Expansion Program Fund; requiring an employer  
17 to base withholding for certain employees on a certain number of exemptions  
18 under certain circumstances; repealing a certain termination date for the  
19 Limited Health Benefit Plan; repealing a certain requirement that the Maryland  
20 Insurance Administration develop a certain form; altering certain reporting  
21 requirements relating to the Limited Health Benefit Plan; defining certain  
22 terms; altering certain definitions; making stylistic changes; requiring the  
23 Department of Health and Mental Hygiene to seek approval from the federal  
24 Centers for Medicare and Medicaid Services of a waiver that would allow the  
25 State to use certain federal matching funds for a certain purpose; prohibiting the  
26 Department from implementing Medicaid eligibility for certain adults if the  
27 Department is denied a certain waiver; requiring the Department to forward a  
28 copy of a certain notice to the Department of Legislative Services; providing that  
29 certain provisions of this Act are null and void under certain circumstances;  
30 requiring the Comptroller to widely publicize certain requirements of this Act for  
31 a certain purpose; providing for the effective dates of this Act; providing for the  
32 application of certain provisions of this Act; and generally relating to the small  
33 group insurance market and the Health Care Expansion Program.

34 BY repealing and reenacting, with amendments,  
35 Article – Health – General  
36 Section 15–103(a)  
37 Annotated Code of Maryland  
38 (2005 Replacement Volume and 2006 Supplement)

39 BY adding to  
40 Article – Health – General

1 Section 15–701 through 15–707 to be under the new subtitle “Subtitle 7. Health  
2 Care Expansion Program”  
3 Annotated Code of Maryland  
4 (2005 Replacement Volume and 2006 Supplement)

5 BY repealing and reenacting, without amendments,  
6 Article – Insurance  
7 Section 15–1201(a), (c), (f)(1), (i), and (o) and 15–1301(f)  
8 Annotated Code of Maryland  
9 (2006 Replacement Volume and 2006 Supplement)

10 BY repealing and reenacting, with amendments,  
11 Article – Insurance  
12 Section 15–1201(e) and (f)(2), 15–1205(a), 15–1207(a), 15–1209, 15–1211, and  
13 15–1212  
14 Annotated Code of Maryland  
15 (2006 Replacement Volume and 2006 Supplement)

16 BY adding to  
17 Article – Insurance  
18 Section 15–1201(r)  
19 Annotated Code of Maryland  
20 (2006 Replacement Volume and 2006 Supplement)

21 BY adding to  
22 Article – Tax – General  
23 Section 10–106.2  
24 Annotated Code of Maryland  
25 (2004 Replacement Volume and 2006 Supplement)

26 BY repealing and reenacting, with amendments,  
27 Article – Tax – General  
28 Section 10–910(b)  
29 Annotated Code of Maryland  
30 (2004 Replacement Volume and 2006 Supplement)

31 BY repealing and reenacting, with amendments,  
32 Chapter 287 of the Acts of the General Assembly of 2004  
33 Section 3, 4, and 5

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

**Article – Health – General**

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15–103.

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

(2) The Program:

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

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

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

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

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

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

(vii) Shall provide, subject to the limitations of the State budget, comprehensive medical care and other health care services for all legal immigrants who meet Program eligibility standards and who arrived in the United States before

1 August 22, 1996, the effective date of the federal Personal Responsibility and Work  
2 Opportunity Reconciliation Act, as permitted by federal law;

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

9 (IX) SHALL PROVIDE, SUBJECT TO THE LIMITATIONS OF THE  
10 STATE BUDGET, AND AS ALLOWED BY FEDERAL LAW, COMPREHENSIVE MEDICAL  
11 CARE AND OTHER HEALTH CARE SERVICES FOR ALL PARENTS:

12 1. WHO HAVE A DEPENDENT CHILD LIVING WITH  
13 THE PARENT; AND

14 2. WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR  
15 BELOW 100% OF THE POVERTY LEVEL, AS PERMITTED BY FEDERAL LAW;

16 (X) SHALL PROVIDE, SUBJECT TO THE LIMITATIONS OF THE  
17 STATE BUDGET, AND AS ALLOWED BY FEDERAL LAW, COMPREHENSIVE MEDICAL  
18 CARE AND OTHER HEALTH CARE SERVICES FOR ADULTS:

19 1. WHO DO NOT MEET REQUIREMENTS, SUCH AS  
20 AGE, DISABILITY, OR STATUS AS A PARENT OF A DEPENDENT CHILD, FOR A  
21 FEDERAL CATEGORY OF ELIGIBILITY FOR MEDICAID; AND

22 2. WHOSE ANNUAL HOUSEHOLD INCOME IS:

23 A. FOR FISCAL YEAR 2008, AT OR BELOW 75% OF  
24 THE POVERTY LEVEL, AS PERMITTED BY FEDERAL LAW; OR

25 B. FOR FISCAL YEAR 2009 AND EACH FISCAL YEAR  
26 THEREAFTER, AT OR BELOW 100% OF THE POVERTY LEVEL, AS PERMITTED BY  
27 FEDERAL LAW;

28 [(ix)] (XI) May include bedside nursing care for eligible Program  
29 recipients; and

1                    [(x)] (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 impose cost-sharing on Program recipients.

5                    **SUBTITLE 7. HEALTH CARE EXPANSION PROGRAM.**

6                    **15-701.**

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

9                    (B) “FUND” MEANS THE HEALTH CARE EXPANSION PROGRAM FUND  
10 ESTABLISHED UNDER § 15-705 OF THIS SUBTITLE.

11                    (C) “LIMITED BENEFIT PLAN” HAS THE MEANING STATED IN § 15-1201  
12 OF THE INSURANCE ARTICLE.

13                    (D) “PLAN” MEANS THE HEALTH INSURANCE PREMIUM SUBSIDY PLAN  
14 ESTABLISHED UNDER § 15-703 OF THIS SUBTITLE.

15                    (E) “PROGRAM” MEANS THE HEALTH CARE EXPANSION PROGRAM  
16 ESTABLISHED UNDER § 15-702 OF THIS SUBTITLE.

17                    (F) “SMALL EMPLOYER” HAS THE MEANING STATED IN § 15-1201 OF  
18 THE INSURANCE ARTICLE.

19                    **15-702.**

20                    (A) THERE IS A HEALTH CARE EXPANSION PROGRAM IN THE  
21 DEPARTMENT.

22                    (B) THE PURPOSE OF THE PROGRAM IS TO EXPAND HEALTH CARE  
23 COVERAGE FOR INDIVIDUALS AND FAMILIES WITH LOW TO MODERATE INCOME.

24                    (C) FUNDING FOR THE PROGRAM SHALL BE PROVIDED FROM THE  
25 FUND.

26                    **15-703.**

1           **(A) THE DEPARTMENT SHALL DEVELOP AND IMPLEMENT A HEALTH**  
2 **INSURANCE PREMIUM SUBSIDY PLAN THAT MEETS THE REQUIREMENTS**  
3 **ESTABLISHED UNDER THIS SUBTITLE.**

4           **(B) THE PLAN SHALL PROVIDE SUBSIDIES FOR PREMIUM**  
5 **CONTRIBUTIONS MADE FOR COVERAGE UNDER THE LIMITED BENEFIT PLAN BY:**

6                   **(1) INDIVIDUALS WHO MEET THE ELIGIBILITY REQUIREMENTS**  
7 **ESTABLISHED UNDER SUBSECTION (C) OF THIS SECTION; OR**

8                   **(2) SMALL EMPLOYERS ON BEHALF OF INDIVIDUALS WHO MEET**  
9 **THE ELIGIBILITY REQUIREMENTS ESTABLISHED UNDER SUBSECTION (C) OF**  
10 **THIS SECTION.**

11           **(C) TO BE ELIGIBLE FOR A PREMIUM SUBSIDY UNDER THE PLAN, AN**  
12 **INDIVIDUAL:**

13                   **(1) MUST BE AN EMPLOYEE OF A SMALL EMPLOYER WHO MEETS**  
14 **THE REQUIREMENTS STATED IN § 15-1201(E)(1)(III)1 AND 2 OF THE**  
15 **INSURANCE ARTICLE;**

16                   **(2) MUST HAVE A HOUSEHOLD INCOME BETWEEN 100% AND**  
17 **300% OF THE FEDERAL POVERTY GUIDELINES;**

18                   **(3) MAY NOT HAVE BEEN COVERED BY HEALTH INSURANCE,**  
19 **EXCEPT AS A DEPENDENT, FOR AT LEAST 6 CONSECUTIVE MONTHS AT THE TIME**  
20 **OF APPLICATION FOR A PREMIUM SUBSIDY;**

21                   **(4) SHALL SUBMIT TO THE DEPARTMENT AN APPLICATION ON**  
22 **THE FORM THAT THE DEPARTMENT PROVIDES;**

23                   **(5) SHALL SUBMIT TO THE DEPARTMENT A VERIFICATION OF**  
24 **ANNUAL HOUSEHOLD INCOME IN A FORM ACCEPTABLE TO THE DEPARTMENT;**  
25 **AND**

26                   **(6) SHALL SATISFY ANY OTHER ELIGIBILITY REQUIREMENTS**  
27 **ESTABLISHED BY THE DEPARTMENT.**

1 **15-704.**

2 (A) FOR THE FISCAL YEAR BEGINNING JULY 1, 2008, AND FOR EACH  
3 FISCAL YEAR THEREAFTER, THE SECRETARY SHALL DETERMINE THE MAXIMUM  
4 NUMBER OF PREMIUM SUBSIDIES THAT MAY BE PROVIDED UNDER THE PLAN  
5 BASED ON:

6 (1) REVENUE AVAILABLE FROM THE FUND;

7 (2) THE REQUIREMENTS ESTABLISHED UNDER THIS SECTION;  
8 AND

9 (3) ANY OTHER CRITERIA THE SECRETARY DETERMINES ARE  
10 APPROPRIATE.

11 (B) PREMIUM SUBSIDIES PROVIDED UNDER THE PLAN:

12 (1) SHALL BE MADE ON A SLIDING SCALE BASED ON INCOME,  
13 WITH SUBSIDIES DECREASING AS INCOME RISES; AND

14 (2) SHALL BE IN AN AMOUNT THAT IS ADEQUATE TO MAKE  
15 PREMIUMS FOR COVERAGE UNDER THE LIMITED BENEFIT PLAN AFFORDABLE.

16 (C) IF THE SECRETARY DETERMINES THAT THE MAXIMUM NUMBER OF  
17 ELIGIBLE INDIVIDUALS ARE RECEIVING A PREMIUM SUBSIDY IN ANY FISCAL  
18 YEAR, THE SECRETARY SHALL:

19 (1) DISCONTINUE PROVIDING THE PREMIUM SUBSIDY; AND

20 (2) ESTABLISH A WAITING LIST OF INDIVIDUALS WHO ARE  
21 ELIGIBLE FOR THE PREMIUM SUBSIDY.

22 (D) SUBJECT TO THE LIMITATIONS OF THIS SECTION, THE  
23 DEPARTMENT SHALL BEGIN PROVIDING PREMIUM SUBSIDIES UNDER THE PLAN  
24 BEGINNING IN JANUARY 2009.

25 **15-705.**

26 (A) THERE IS A HEALTH CARE EXPANSION PROGRAM FUND.



1           **(B) THE PURPOSE OF THE FUND IS TO SUPPORT THE EXPANSION OF**  
2 **HEALTH CARE COVERAGE FOR INDIVIDUALS AND FAMILIES WITH LOW TO**  
3 **MODERATE INCOME.**

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

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

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

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

10                   **(1) SURCHARGE REVENUES DISTRIBUTED TO THE FUND UNDER §**  
11 **10-106.2 OF THE TAX - GENERAL ARTICLE;**

12                   **(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**

13                   **(3) INVESTMENT EARNINGS; AND**

14                   **(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**  
15 **FOR THE BENEFIT OF THE FUND.**

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

17                   **(1) EXPANDING MEDICAID ELIGIBILITY FOR PARENTS:**

18                           **(I) WHO HAVE A DEPENDENT CHILD LIVING WITH THE**  
19 **PARENT; AND**

20                           **(II) WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR BELOW**  
21 **100% OF THE POVERTY LEVEL, AS PERMITTED BY FEDERAL LAW;**

22                   **(2) EXPANDING MEDICAID ELIGIBILITY FOR ADULTS:**

1                   **(I) WHO DO NOT MEET REQUIREMENTS, SUCH AS AGE,**  
2 **DISABILITY, OR STATUS AS A PARENT OF A DEPENDENT CHILD, FOR A FEDERAL**  
3 **CATEGORY OF ELIGIBILITY FOR MEDICAID; AND**

4                   **(II) WHOSE ANNUAL HOUSEHOLD INCOME IS:**

5                   **1. FOR FISCAL YEAR 2008, AT OR BELOW 75% OF**  
6 **THE POVERTY LEVEL, AS PERMITTED BY FEDERAL LAW; OR**

7                   **2. FOR FISCAL YEAR 2009, AT OR BELOW 100% OF**  
8 **THE POVERTY LEVEL, AS PERMITTED BY FEDERAL LAW; AND**

9                   **(3) PROVIDING HEALTH INSURANCE PREMIUM SUBSIDIES UNDER**  
10 **THE PLAN.**

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

13                   **(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**  
14 **CREDITED TO THE FUND.**

15                   **(H) FOR EACH FISCAL YEAR, MONEY IN THE FUND SHALL BE**  
16 **ALLOCATED AS FOLLOWS:**

17                   **(1) FIRST, FOR THE PURPOSES STATED IN SUBSECTION (F)(1)**  
18 **AND (2) OF THIS SECTION; AND**

19                   **(2) ANY REMAINING MONEY FOR THE PURPOSE STATED IN**  
20 **SUBSECTION (F)(3) OF THIS SECTION.**

21                   **(I) MONEY FROM THE FUND SHALL SUPPLEMENT AND MAY NOT**  
22 **SUPPLANT FUNDING FOR THE MARYLAND MEDICAL ASSISTANCE PROGRAM.**

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

25                   **(K) THE FUND IS SUBJECT TO AUDIT BY THE OFFICE OF LEGISLATIVE**  
26 **AUDITS.**

1 **15-706.**

2 **THE DEPARTMENT, IN CONSULTATION WITH THE MARYLAND HEALTH**  
3 **CARE COMMISSION AND THE MARYLAND INSURANCE ADMINISTRATION, SHALL**  
4 **DEVELOP AND DISTRIBUTE BROCHURES, PAMPHLETS, OR OTHER MATERIALS,**  
5 **AS APPROPRIATE, TO INFORM SMALL EMPLOYERS AND EMPLOYEES OF SMALL**  
6 **EMPLOYERS ABOUT THE PLAN, INCLUDING ELIGIBILITY REQUIREMENTS AND**  
7 **APPLICATION PROCEDURES UNDER THE PLAN.**

8 **15-707.**

9 **THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT THIS**  
10 **SUBTITLE, INCLUDING REGULATIONS TO IMPLEMENT THE PROVISION OF**  
11 **PREMIUM SUBSIDIES UNDER THE PLAN.**

12 **Article – Insurance**

13 **15-1201.**

14 (a) In this subtitle the following words have the meanings indicated.

15 (c) “Carrier” means a person that:

16 (1) offers health benefit plans in the State covering eligible employees  
17 of small employers; and

18 (2) is:

19 (i) an authorized insurer that provides health insurance in the  
20 State;

21 (ii) a nonprofit health service plan that is licensed to operate in  
22 the State;

23 (iii) a health maintenance organization that is licensed to  
24 operate in the State; or

25 (iv) any other person or organization that provides health  
26 benefit plans subject to State insurance regulation.

27 (e) (1) “Eligible employee” means:

- 1 (i) an individual who:
- 2 1. is an employee, partner of a partnership, or  
3 independent contractor who is included as an employee under a health benefit plan;  
4 and
- 5 2. works on a full-time basis and has a normal  
6 workweek of at least 30 hours; [or]
- 7 (ii) a sole employee of a nonprofit organization that has been  
8 determined by the Internal Revenue Service to be exempt from taxation under §  
9 501(c)(3), (4), or (6) of the Internal Revenue Code who:
- 10 1. has a normal workweek of at least 20 hours; and
- 11 2. is not covered under a public or private plan for  
12 health insurance or other health benefit arrangement; **OR**

13 **(III) AN INDIVIDUAL WHO:**

- 14 **1. IS AN EMPLOYEE, PARTNER OF A PARTNERSHIP,**  
15 **OR INDEPENDENT CONTRACTOR WHO IS NOT INCLUDED AS AN EMPLOYEE**  
16 **UNDER A HEALTH BENEFIT PLAN;**
- 17 **2. WORKS ON A FULL-TIME BASIS AND HAS A**  
18 **NORMAL WORKWEEK OF AT LEAST 30 HOURS; AND**
- 19 **3. IS ELIGIBLE FOR A HEALTH INSURANCE PREMIUM**  
20 **SUBSIDY UNDER TITLE 15, SUBTITLE 7 OF THE HEALTH – GENERAL ARTICLE.**

- 21 (2) “Eligible employee” does not include an individual who works:
- 22 (i) on a temporary or substitute basis; or
- 23 (ii) except for an individual described in paragraph (1)(ii) of this  
24 subsection, for less than 30 hours in a normal workweek.
- 25 (f) (1) “Health benefit plan” means:
- 26 (i) a policy or certificate for hospital or medical benefits;

1 (ii) a nonprofit health service plan; or

2 (iii) a health maintenance organization subscriber or group  
3 master contract.

4 (2) “Health benefit plan” includes a policy or certificate for hospital or  
5 medical benefits that covers residents of this State who are eligible employees and  
6 that:

7 (I) is issued through:

8 [(i)] 1. a multiple employer trust or association located in  
9 this State or another state; or

10 [(ii)] 2. a professional employer organization, coemployer, or  
11 other organization located in this State or another state that engages in employee  
12 leasing; **OR**

13 (II) **IS ISSUED TO AN ELIGIBLE EMPLOYEE DESCRIBED IN**  
14 **SUBSECTION (E)(1)(III) OF THIS SECTION.**

15 (i) “Limited Benefit Plan” means the Limited Health Benefit Plan adopted  
16 by the Commission in accordance with § 15–1207 of this subtitle and Title 19, Subtitle  
17 1 of the Health – General Article.

18 (o) “Small employer” means:

19 (1) an employer described in § 15–1203 of this subtitle; or

20 (2) an entity that leases employees from a professional employer  
21 organization, coemployer, or other organization engaged in employee leasing and that  
22 otherwise meets the description of § 15–1203 of this subtitle.

23 (R) (1) **“WELLNESS PROGRAM” MEANS A PROGRAM OR ACTIVITY**  
24 **THAT:**

25 (I) **IS DESIGNED TO IMPROVE HEALTH STATUS AND**  
26 **REDUCE HEALTH CARE COSTS; AND**

1                   **(II) COMPLIES WITH GUIDELINES DEVELOPED BY THE**  
2 **DEPARTMENT OF HEALTH AND MENTAL HYGIENE.**

3                   **(2) “WELLNESS PROGRAM” INCLUDES PROGRAMS AND**  
4 **ACTIVITIES FOR:**

5                   **(I) SMOKING CESSATION;**

6                   **(II) REDUCTION OF ALCOHOL MISUSE;**

7                   **(III) WEIGHT REDUCTION;**

8                   **(IV) NUTRITION EDUCATION; AND**

9                   **(V) AUTOMOBILE AND MOTORCYCLE SAFETY.**

10 15–1205.

11           (a) (1) In establishing a community rate for a health benefit plan, a  
12 carrier shall use a rating methodology that is based on the experience of all risks  
13 covered by that health benefit plan without regard to health status or occupation or  
14 any other factor not specifically authorized under this subsection.

15                   (2) A carrier may adjust the community rate only for:

16                           (i) age; and

17                           (ii) geography based on the following contiguous areas of the  
18 State:

19                                   1. the Baltimore metropolitan area;

20                                   2. the District of Columbia metropolitan area;

21                                   3. Western Maryland; and

22                                   4. Eastern and Southern Maryland.

23                   (3) Rates for a health benefit plan may vary based on family  
24 composition as approved by the Commissioner.

1           **(4) A CARRIER SHALL OFFER A DISCOUNTED RATE TO A SMALL**  
2 **EMPLOYER THAT PROVIDES A WELLNESS PROGRAM FOR ELIGIBLE EMPLOYEES**  
3 **OF THE SMALL EMPLOYER.**

4 15–1207.

5           (a) **(1)** In accordance with Title 19, Subtitle 1 of the Health – General  
6 Article, the Commission shall adopt regulations that specify:

7                   **[(1)] (I)** the Comprehensive Standard Health Benefit Plan to apply  
8 under this subtitle; and

9                   **[(2)] (II)** the Limited Health Benefit Plan to apply under this subtitle.

10           **(2) THE LIMITED BENEFIT PLAN SHALL INCLUDE A HIGH**  
11 **DEDUCTIBLE CATASTROPHIC COVERAGE OPTION.**

12 15–1209.

13           (a) This section does not apply to any insurance enumerated in §  
14 15–1201(f)(3)(i) through (xiii) of this subtitle.

15           (b) A carrier shall issue its health benefit plans to each small employer that  
16 meets the requirements of this section.

17           (c) (1) A carrier that offers insurance in the small group market shall  
18 offer the Standard Plan to each small employer that meets the requirements of this  
19 section.

20                   (2) (i) In this paragraph, “prominent carrier” means a carrier that  
21 insures at least 10% of the total lives insured in the small group market.

22                           (ii) A prominent carrier that offers insurance in the small group  
23 market shall offer, and any other carrier that offers insurance in the small group  
24 market may offer, the Limited Benefit Plan, but only to:

25                                   **1.** a small employer:

26   **[1.] A.** that has not provided the Standard Plan during  
27 the 12–month period preceding the date of application or, if the small employer has

1 existed for less than 12 months, from the date the small employer commenced its  
2 business; and

3 [2.] **B.** for which the average annual wage **OF AT**  
4 **LEAST 30%** of the employees of the small employer does not exceed [75% of the  
5 average annual wage in the State] **\$35,000; AND**

6 **2. AN ELIGIBLE EMPLOYEE DESCRIBED IN §**  
7 **15-1201(E)(1)(III) OF THIS SUBTITLE.**

8 (iii) A small employer that qualifies for and chooses the Limited  
9 Benefit Plan may renew the Limited Benefit Plan even if [the average annual wage]  
10 **MORE THAN 30%** of the employees of the small employer [exceeds 75% of the average  
11 annual wage in the State] **HAVE AN AVERAGE ANNUAL WAGE THAT DOES NOT**  
12 **EXCEED \$35,000** at the time of renewal.

13 **(IV) A PROMINENT CARRIER SHALL ISSUE A LIMITED**  
14 **BENEFIT PLAN TO EACH INDIVIDUAL WHO MEETS THE DEFINITION OF AN**  
15 **ELIGIBLE EMPLOYEE UNDER § 15-1201(E)(1)(III) OF THIS SUBTITLE.**

16 (d) For small employers that qualify for and choose the Limited Benefit Plan,  
17 a carrier:

18 (1) must offer coverage for all eligible employees and dependents  
19 under the Limited Benefit Plan; and

20 (2) may not offer the Standard Plan for any employees of the small  
21 employer.

22 **(E) FOR AN ELIGIBLE EMPLOYEE DESCRIBED IN § 15-1201(E)(1)(III) OF**  
23 **THIS SUBTITLE WHO CHOOSES THE LIMITED BENEFIT PLAN, A CARRIER MUST**  
24 **OFFER COVERAGE FOR ALL DEPENDENTS OF THE ELIGIBLE EMPLOYEE UNDER**  
25 **THE LIMITED BENEFIT PLAN.**

26 [(e)] **(F)** (1) Nothing in this subsection requires a small employer to  
27 contribute to the premium payments for coverage of a dependent of an eligible  
28 employee.

29 (2) To be covered under a health benefit plan offered by a carrier, a  
30 small employer shall:



- 1 (i) elect to be covered;
- 2 (ii) agree to pay the premiums;
- 3 (iii) agree to offer coverage to any dependent of an eligible  
4 employee when coverage is sought by the eligible employee, in accordance with  
5 provisions governing late enrollees and any other provisions of this subtitle that apply  
6 to coverage;
- 7 (iv) agree to collect payments for premiums through payroll  
8 deductions for coverage of eligible employees and dependents and transmit those  
9 payments to the carrier; and
- 10 (v) satisfy other reasonable provisions of the health benefit plan  
11 as approved by the Commissioner.

12 [(f)] (G) (1) In determining whether a small employer satisfies the  
13 requirements of this section, a carrier shall apply its requirements uniformly among  
14 all small employers with the same number of eligible employees who apply for or  
15 receive coverage from the carrier, including a requirement that a minimum percentage  
16 of eligible employees of the small employer participate in the health benefit plan.

17 (2) A carrier may vary application of minimum participation of eligible  
18 employees only by the size of the group of the small employer.

19 [(g)] (H) A carrier may not require a small employer to contribute to  
20 payment of premiums for a health benefit plan.

21 15-1211.

22 (a) To sell health benefit plans to small employers in the State **OR ELIGIBLE**  
23 **EMPLOYEES DESCRIBED IN § 15-1201(E)(1)(III) OF THIS SUBTITLE**, a carrier  
24 shall file its proposed health benefit plans with the Commissioner on or before the  
25 date designated by the Commissioner.

26 (b) Unless the Commissioner previously has disapproved a health benefit  
27 plan, it is deemed approved 60 days after filing with the Commissioner.

28 15-1212.

1           (a)   (1)   Except as provided in subsections (b), (c), and (d) of this section, a  
2 carrier shall renew a health benefit plan at the option of the small employer **OR AN**  
3 **ELIGIBLE EMPLOYEE DESCRIBED IN § 15-1201(E)(1)(III) OF THIS SUBTITLE.**

4           (2)   On renewal, a carrier may not exclude eligible employees or  
5 dependents from a health benefit plan.

6           (3)   (i)   A carrier shall mail a notice of renewal to the small  
7 employer **OR ELIGIBLE EMPLOYEE DESCRIBED IN § 15-1201(E)(1)(III) OF THIS**  
8 **SUBTITLE** at least 45 days before the expiration of a health benefit plan.

9                   (ii)   The notice of renewal shall include the dates of the renewal  
10 period, the health benefit plan rates, and the terms of coverage under the health  
11 benefit plan.

12           (4)   Policies or certificates for hospital or medical benefits issued  
13 through a professional employer organization, coemployer, or other organization under  
14 this subtitle may, with the consent of the carrier, have a common renewal date.

15           (b)   A carrier may cancel or refuse to renew a health benefit plan only:

16                   (1)   for nonpayment of premiums;

17                   (2)   for fraud or intentional misrepresentation of material fact by the  
18 small employer **OR ELIGIBLE EMPLOYEE DESCRIBED IN § 15-1201(E)(1)(III) OF**  
19 **THIS SUBTITLE;**

20                   (3)   for noncompliance with a material plan provision relating to  
21 employer contributions or group participation rules;

22                   (4)   when the carrier elects not to renew:

23                           (i)   all of its health benefit plans that are issued to small  
24 employers in the State **OR TO ELIGIBLE EMPLOYEES DESCRIBED IN §**  
25 **15-1201(E)(1)(III) OF THIS SUBTITLE;** or

26                           (ii)   the particular health benefit plan for all small employers in  
27 the State; or

28                   (5)   in the case of a health maintenance organization, where there is no  
29 longer any enrollee who lives, resides, or works in the health maintenance  
30 organization's approved service area.

1 (c) When a carrier elects not to renew all health benefit plans in the State,  
2 the carrier:

3 (1) shall give notice of its decision to the affected small employers **AND**  
4 **ELIGIBLE EMPLOYEES DESCRIBED IN § 15-1201(E)(1)(III) OF THIS SUBTITLE**  
5 and the insurance regulatory authority of each state in which an eligible employee or  
6 dependent resides at least 180 days before the effective date of nonrenewal;

7 (2) shall give notice to the Commissioner at least 30 working days  
8 before giving the notice specified in item (1) of this subsection; and

9 (3) may not write new business for small employers in the State **OR**  
10 **ELIGIBLE EMPLOYEES DESCRIBED IN § 15-1201(E)(1)(III) OF THIS SUBTITLE** for  
11 a period of 5 years beginning on the date of notice to the Commissioner.

12 (d) When a carrier elects not to renew a particular health benefit plan for all  
13 small employers in the State, the carrier shall:

14 (1) provide notice of the nonrenewal at least 90 days before the date of  
15 the nonrenewal to:

16 (i) each affected:

17 1. small employer; and

18 2. enrolled employee; and

19 (ii) the Commissioner;

20 (2) offer to each affected small employer the option to purchase all  
21 other health benefit plans currently offered by the carrier in the small group market;  
22 and

23 (3) act uniformly without regard to the claims experience of any  
24 affected small employer, or any health status-related factor of any affected individual.

25 (e) Within 7 days after cancellation or nonrenewal of a health benefit plan,  
26 the carrier shall send to each enrolled employee written notice of its action and the  
27 conversion rights available to each enrolled employee under § 15-412 of this title.

1 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
2 read as follows:

3 **Article – Insurance**

4 15–1301.

5 (f) (1) “Creditable coverage” means coverage of an individual under:

6 (i) an employer sponsored plan;

7 (ii) a health benefit plan;

8 (iii) Part A or Part B of Title XVIII of the Social Security Act;

9 (iv) Title XIX of the Social Security Act, other than coverage  
10 consisting solely of benefits under § 1928 of that Act;

11 (v) Chapter 55 of Title 10 of the United States Code;

12 (vi) a medical care program of the Indian Health Service or of a  
13 tribal organization;

14 (vii) a State health benefits risk pool;

15 (viii) a health plan offered under the Federal Employees Health  
16 Benefits Program (FEHBP), Title 5, Chapter 89 of the United States Code;

17 (ix) a public health plan as defined by federal regulations  
18 authorized by the Public Health Service Act, § 2701(c)(1)(i), as amended by P.L.  
19 104–191; or

20 (x) a health benefit plan under § 5(e) of the Peace Corps Act, 22  
21 U.S.C. 2504(e).

22 (2) A period of creditable coverage shall not be counted, with respect to  
23 enrollment of an individual under a health benefit plan or an employer sponsored  
24 plan, if, after such period and before the enrollment date, there was a 63–day period  
25 during all of which the individual was not covered under any creditable coverage.

26 **Article – Tax – General**

27 **10–106.2.**

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

3           (2) “APPLICABLE POVERTY INCOME LEVEL” MEANS THE AMOUNT  
4 SPECIFIED IN THE POVERTY INCOME STANDARD THAT CORRESPONDS TO THE  
5 NUMBER OF EXEMPTIONS THAT AN INDIVIDUAL IS ALLOWED AND CLAIMS  
6 UNDER § 10-211(1) OF THIS TITLE.

7           (3) “HEALTH CARE COVERAGE” MEANS CREDITABLE COVERAGE  
8 AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE.

9           (4) “POVERTY INCOME STANDARD” MEANS THE MOST RECENT  
10 POVERTY INCOME GUIDELINES PUBLISHED BY THE UNITED STATES  
11 DEPARTMENT OF HEALTH AND HUMAN SERVICES, AVAILABLE AS OF JULY 1 OF  
12 THE TAXABLE YEAR.

13           (B) (1) SUBJECT TO SUBSECTIONS (C) AND (D) OF THIS SECTION, IN  
14 ADDITION TO THE STATE INCOME TAX UNDER § 10-105(A) OF THIS SUBTITLE,  
15 AN INDIVIDUAL IS SUBJECT TO A SURCHARGE OF \$2,000, UNLESS THE  
16 INDIVIDUAL AND EACH DEPENDENT CHILD OF THE INDIVIDUAL HAD HEALTH  
17 CARE COVERAGE FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR AND ON  
18 DECEMBER 31 OF THE TAXABLE YEAR, IF THE FEDERAL ADJUSTED GROSS  
19 INCOME OF THE INDIVIDUAL EXCEEDS:

20                   (I) FOR THE TAXABLE YEARS ENDING DECEMBER 31, 2007,  
21 AND DECEMBER 31, 2008, 500% OF THE APPLICABLE POVERTY INCOME LEVEL;

22                   (II) FOR THE TAXABLE YEARS ENDING DECEMBER 31, 2009,  
23 AND DECEMBER 31, 2010, 400% OF THE APPLICABLE POVERTY INCOME LEVEL;  
24 AND

25                   (III) FOR THE TAXABLE YEAR ENDING DECEMBER 31, 2011,  
26 AND FOR EACH TAXABLE YEAR THEREAFTER, 300% OF THE APPLICABLE  
27 POVERTY INCOME LEVEL.

28           (2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
29 PARAGRAPH, FOR A MARRIED COUPLE FILING A JOINT RETURN, UNLESS EACH  
30 SPOUSE AND EACH DEPENDENT CHILD OF THE MARRIED COUPLE HAD HEALTH

1 CARE COVERAGE FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR AND ON  
2 DECEMBER 31 OF THE TAXABLE YEAR, THE MARRIED COUPLE IS SUBJECT TO A  
3 SURCHARGE OF \$3,000 IF THE JOINT FEDERAL ADJUSTED GROSS INCOME OF  
4 THE MARRIED COUPLE EXCEEDS:

5 1. FOR THE TAXABLE YEARS ENDING DECEMBER 31,  
6 2007, AND DECEMBER 31, 2008, 500% OF THE APPLICABLE POVERTY INCOME  
7 LEVEL;

8 2. FOR THE TAXABLE YEARS ENDING DECEMBER 31,  
9 2009, AND DECEMBER 31, 2010, 400% OF THE APPLICABLE POVERTY INCOME  
10 LEVEL; AND

11 3. FOR THE TAXABLE YEAR ENDING DECEMBER 31,  
12 2011, AND FOR EACH TAXABLE YEAR THEREAFTER, 300% OF THE APPLICABLE  
13 POVERTY INCOME LEVEL.

14 (II) THE SURCHARGE FOR A MARRIED COUPLE UNDER THIS  
15 PARAGRAPH SHALL BE REDUCED BY \$500 IN ANY TAXABLE YEAR IN WHICH  
16 EACH DEPENDENT CHILD OF THE MARRIED COUPLE AND EITHER THE HUSBAND  
17 OR WIFE HAD HEALTH CARE COVERAGE:

18 1. FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR;  
19 AND

20 2. ON DECEMBER 31 OF THE TAXABLE YEAR.

21 (C) THIS SECTION DOES NOT APPLY TO A NONRESIDENT, INCLUDING A  
22 NONRESIDENT SPOUSE OR A NONRESIDENT DEPENDENT.

23 (D) THE COMPTROLLER SHALL PROVIDE FOR EXCEPTIONS TO  
24 SUBSECTION (B) OF THIS SECTION FOR INDIVIDUALS:

25 (1) JUST ENTERING THE WORKFORCE;

26 (2) RECENTLY MOVING INTO THE STATE; OR

27 (3) WHO ARE UNEMPLOYED FOR 4 OR MORE CONSECUTIVE  
28 WEEKS.

1           **(E) THE TAXPAYER SHALL INDICATE ON THE TAX RETURN, IN THE FORM**  
2 **REQUIRED BY THE COMPTROLLER, THE PRESENCE OF HEALTH CARE COVERAGE**  
3 **THAT MEETS THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION FOR**  
4 **THE INDIVIDUAL, THE SPOUSE IN THE CASE OF A MARRIED COUPLE, AND EACH**  
5 **DEPENDENT CHILD.**

6           **(F) NOTWITHSTANDING § 2-609 OF THIS ARTICLE, AFTER DEDUCTING A**  
7 **REASONABLE AMOUNT FOR ADMINISTRATIVE COSTS, THE COMPTROLLER**  
8 **SHALL DISTRIBUTE THE REVENUES FROM THE SURCHARGE TO THE HEALTH**  
9 **CARE EXPANSION PROGRAM FUND ESTABLISHED UNDER § 15-705 OF THE**  
10 **HEALTH – GENERAL ARTICLE.**

11 10-910.

12           (b) (1) Except as provided in [paragraph (2)] **PARAGRAPHS (2) AND (3)**  
13 of this subsection, an employer shall base withholding for an employee:

14                           (i) on the number of exemptions stated in the exemption  
15 certificate that the employee files; or

16                           (ii) if the employee fails to file an exemption certificate or files  
17 an invalid certificate under subsection (c) of this section, on 1 exemption.

18           (2) If the Comptroller notifies an employer that an employee has an  
19 unpaid tax liability, that the employee failed to file a required Maryland income tax  
20 return, or that an employee is subject to a tax refund interception request, the  
21 employer shall base withholding for the employee:

22                           (i) on a number of exemptions not exceeding the actual number  
23 of exemptions allowed on the employee's prior year's income tax return, as specified by  
24 the Comptroller; or

25                           (ii) if the employee failed to file a required Maryland income tax  
26 return, on 1 exemption.

27           **(3) (I) 1. IN THIS PARAGRAPH THE FOLLOWING WORDS**  
28 **HAVE THE MEANINGS INDICATED.**

29                           **2. “APPLICABLE POVERTY INCOME LEVEL” MEANS**  
30 **THE AMOUNT SPECIFIED IN THE POVERTY INCOME STANDARD THAT**

1 CORRESPONDS TO THE NUMBER OF EXEMPTIONS THAT AN INDIVIDUAL IS  
2 ALLOWED AND CLAIMS UNDER § 10-211(1) OF THIS TITLE.

3 3. "HEALTH CARE COVERAGE" MEANS CREDITABLE  
4 COVERAGE AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE.

5 4. "POVERTY INCOME STANDARD" MEANS THE MOST  
6 RECENT POVERTY INCOME GUIDELINES PUBLISHED BY THE UNITED STATES  
7 DEPARTMENT OF HEALTH AND HUMAN SERVICES, AVAILABLE AS OF JULY 1 OF  
8 THE TAXABLE YEAR.

9 (II) AN EMPLOYER SHALL BASE WITHHOLDING FOR AN  
10 EMPLOYEE ON ZERO EXEMPTIONS IF:

11 1. THE EMPLOYEE DOES NOT HAVE HEALTH CARE  
12 COVERAGE FROM THE EMPLOYER AND HAS NOT PRESENTED THE EMPLOYER  
13 WITH A CERTIFICATION OF OTHER HEALTH CARE COVERAGE; AND

14 2. THE COMPENSATION OF THE EMPLOYEE IS  
15 EXPECTED TO EXCEED:

16 A. IN THE TAXABLE YEARS ENDING DECEMBER 31,  
17 2007, AND DECEMBER 31, 2008, 500% OF THE APPLICABLE POVERTY INCOME  
18 LEVEL;

19 B. IN THE TAXABLE YEARS ENDING DECEMBER 31,  
20 2009, AND DECEMBER 31, 2010, 400% OF THE APPLICABLE POVERTY INCOME  
21 LEVEL; AND

22 C. IN THE TAXABLE YEAR ENDING DECEMBER 31,  
23 2011, AND IN EACH TAXABLE YEAR THEREAFTER, 300% OF THE APPLICABLE  
24 POVERTY INCOME LEVEL.

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

27 **Chapter 287 of the Acts of 2004**

28 SECTION 3. AND BE IT FURTHER ENACTED, That:



1 (a) on or before July 1, 2005, the Maryland Health Care Commission shall  
2 adopt regulations that specify the Limited Health Benefit Plan, as required under §  
3 15-1207(a)(2) of the Insurance Article, as enacted by Section 2 of this Act;

4 (b) in specifying the Limited Health Benefit Plan, the Maryland Health Care  
5 Commission shall:

6 (1) ensure that the actuarial value of the Limited Health Benefit Plan  
7 does not exceed 70% of the actuarial value of the Comprehensive Standard Health  
8 Benefit Plan as of January 1, 2004; and

9 (2) consider including in the Limited Health Benefit Plan the benefits  
10 required to be included in a limited benefits policy authorized by Chapter 434 of the  
11 Acts of 1991;

12 (c) the Maryland Health Care Commission and the Maryland Insurance  
13 Commissioner shall take all other actions necessary to ensure that the Limited Health  
14 Benefit Plan is available to be offered in the small group health insurance market on  
15 July 1, 2005; **AND**

16 (d) on or before July 1, 2005, the Maryland Insurance Administration shall  
17 adopt regulations that:

18 (1) specify a disclosure statement notifying a small employer that the  
19 limited health benefit plan provides only basic benefits, and that more comprehensive  
20 coverage is available under the Comprehensive Standard Health Benefit Plan; and

21 (2) require a carrier that offers the Limited Health Benefit Plan to  
22 obtain a signed disclosure statement from the small employer at the time of the initial  
23 purchase of coverage and at renewal[]; and

24 (e) on or before July 1, 2005, the Maryland Insurance Administration, in  
25 consultation with health insurance carriers and producers, shall develop a uniform  
26 form that health insurance carriers and producers must use to collect the information  
27 necessary to determine that a small employer that applies for coverage under a  
28 Limited Health Benefit Plan meets the criteria required under § 15-1209(c)(2)(ii)1 and  
29 2 of the Insurance Article, as enacted by Section 1 of this Act].

30 SECTION 4. AND BE IT FURTHER ENACTED, That, on or before January 1,  
31 [2008] **2009**, the Maryland Health Care Commission shall submit to the Governor  
32 and, in accordance with § 2-1246 of the State Government Article, to the Senate

1 Finance Committee and the House Health and Government Operations Committee, a  
2 report that includes:

3 (a) for the periods July 1, 2005 through December 31, 2005, January 1, 2006  
4 through December 31, 2006, [and] January 1, 2007 through [June 30, 2007]  
5 **DECEMBER 31, 2007, AND JANUARY 1, 2008 THROUGH JUNE 30, 2008**, data on:

6 (1) the number of carriers offering Limited Health Benefit Plan  
7 policies in the State;

8 (2) the number of Limited Health Benefit Plan policies sold in the  
9 State;

10 (3) the number of eligible employees covered under the policies;

11 (4) the average age, geographic area, and average wage of each  
12 employer group covered under the policies; and

13 (5) the impact of the Limited Health Benefit Plan on the small group  
14 health insurance market and the population of uninsured individuals in the State; and

15 (b) recommendations on [continuing or] expanding the availability of the  
16 Limited Health Benefit Plan in the small group health insurance market.

17 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 July 1, 2004. [It shall remain effective for a period of 4 years and, at the end of June  
19 30, 2008, with no further action required by the General Assembly, this Act shall be  
20 abrogated and of no further force and effect.]

21 SECTION 4. AND BE IT FURTHER ENACTED, That:

22 (a) The Department of Health and Mental Hygiene shall seek approval of a  
23 waiver from the federal Centers for Medicare and Medicaid Services that would allow  
24 the State to use federal matching funds to phase in an expansion of coverage under  
25 the Maryland Medical Assistance Program for adults, as provided under §  
26 15-103(a)(2)(x) of the Health – General Article, as enacted by Section 1 of this Act,  
27 who do not meet requirements for a federal category of eligibility for Medicaid and who  
28 have a household income at or below 100% of the federal poverty level, as follows:

29 (1) in fiscal year 2008, extend eligibility to each adult with an annual  
30 household income at or below 75% of the federal poverty level; and

1           (2)     in fiscal year 2009, extend eligibility to each adult with an annual  
2 household income at or below 100% of the federal poverty level.

3           (b)     If the Department is denied the waiver applied for under subsection (a) of  
4 this section, the Department may not implement Medicaid eligibility for adults, as  
5 provided under § 15–103(a)(2)(x) of the Health – General Article, as enacted by Section  
6 1 of this Act.

7           SECTION 5. AND BE IT FURTHER ENACTED, That the changes to §  
8 15–103(a)(2)(x) of the Health – General Article, as enacted by Section 1 of this Act,  
9 shall take effect on the date that the federal Centers for Medicare and Medicaid  
10 Services approves a waiver applied for in accordance with Section 4 of this Act. If the  
11 waiver is denied, the changes to § 15–103(a)(2)(x) of the Health – General Article, as  
12 enacted by Section 1 of this Act, shall be null and void without the necessity of further  
13 action by the General Assembly. The Department of Health and Mental Hygiene,  
14 within 5 days after receiving notice of approval or denial of a waiver, shall forward a  
15 copy of the notice to the Department of Legislative Services, 90 State Circle,  
16 Annapolis, Maryland 21401.

17           SECTION 6. AND BE IT FURTHER ENACTED, That the Comptroller shall  
18 widely publicize the requirements of Section 2 of this Act to provide an adequate  
19 opportunity for individuals to obtain health care coverage and avoid a surcharge.

20           SECTION 7. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
21 take effect January 1, 2008, and shall be applicable to all taxable years beginning after  
22 December 31, 2007.

23           SECTION 8. AND BE IT FURTHER ENACTED, That, except as provided in  
24 Sections 5 and 7 of this Act, this Act shall take effect July 1, 2007.