

# SENATE BILL 577

C3, J1, Q3

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By: **Senators Garagiola, Currie, Exum, Forehand, Harrington, Jones, Kelley, King, Klausmeier, Lenett, Madaleno, McFadden, Muse, Peters, Pugh, Raskin, Robey, Stone, and Zirkin**

Introduced and read first time: February 6, 2009

Assigned to: Finance and Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Covers All Children Act of 2009**

3 FOR the purpose of altering certain eligibility requirements for participation in the  
4 Maryland Children's Health Program; requiring the Department of Health and  
5 Mental Hygiene to establish a certain annual family contribution; requiring  
6 certain residents of the State to obtain and maintain certain coverage on and  
7 after a certain date; reducing the exemption amount for a dependent child an  
8 individual or married couple may claim on the income tax return under certain  
9 circumstances; making certain requirements inapplicable under certain  
10 circumstances; establishing a certain exception; requiring the Department and  
11 the Comptroller to publicize certain requirements for a certain purpose;  
12 requiring the Maryland Health Care Commission, in consultation with certain  
13 other agencies, to submit certain reports to the Governor and the General  
14 Assembly; requiring the reports to include certain items; altering the  
15 termination of certain provisions of law; providing for the application of certain  
16 provisions of this Act; making stylistic changes; providing for a delayed effective  
17 date for certain provisions of this Act; and generally relating to health care  
18 coverage for children and a reduction to the exemption amount for a dependent  
19 child under the income tax.

20 BY repealing and reenacting, without amendments,  
21 Article – Health – General  
22 Section 15–301(a)  
23 Annotated Code of Maryland  
24 (2005 Replacement Volume and 2008 Supplement)

25 BY repealing and reenacting, with amendments,  
26 Article – Health – General  
27 Section 15–301(b) and (c) and 15–301.1

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland  
2 (2005 Replacement Volume and 2008 Supplement)

3 BY adding to  
4 Article – Health – General  
5 Section 20–501 to be under the new subtitle “Subtitle 5. Health Care Coverage  
6 for Residents 18 Years of Age and Younger”  
7 Annotated Code of Maryland  
8 (2005 Replacement Volume and 2008 Supplement)

9 BY repealing and reenacting, without amendments,  
10 Article – Insurance  
11 Section 15–1301(a) and (f)  
12 Annotated Code of Maryland  
13 (2006 Replacement Volume and 2008 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – Tax – General  
16 Section 10–211.1  
17 Annotated Code of Maryland  
18 (2004 Replacement Volume and 2008 Supplement)

19 BY repealing and reenacting, with amendments,  
20 Chapter 692 of the Acts of the General Assembly of 2008  
21 Section 6

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

24 **Article – Health – General**

25 15–301.

26 (a) There is a Maryland Children’s Health Program.

27 (b) The Maryland Children’s Health Program shall provide, subject to the  
28 limitations of the State budget and any other requirements imposed by the State and  
29 as permitted by federal law or waiver, comprehensive medical care and other health  
30 care services to an individual [who has a family income at or below 300 percent of the  
31 federal poverty guidelines and] who is under the age of 19 years.

32 (c) The Maryland Children’s Health Program shall be administered:

33 (1) [Except as provided in item (3) of this subsection, for] **FOR**  
34 individuals whose family income is at or below [200 percent] **200%** of the federal  
35 poverty guidelines, through the Program under Subtitle 1 of this title requiring  
36 individuals to enroll in managed care organizations; **OR**

1           (2) For eligible individuals whose family income is above [200 percent,  
2 but at or below 300 percent] **200%** of the federal poverty guidelines, through the  
3 MCHP premium plan under § 15–301.1 of this subtitle[; or

4           (3) In fiscal year 2004 only, for eligible individuals whose family  
5 income is above 185 percent, but at or below 300 percent of the federal poverty  
6 guidelines, through the MCHP premium plan under § 15–301.1 of this subtitle].

7 15–301.1.

8           (a) (1) In this section the following words have the meanings indicated.

9           (2) “Eligible individual” means an individual who qualifies to  
10 participate in the Maryland Children’s Health Program under § 15–301(b) of this  
11 subtitle **AND WHOSE FAMILY INCOME IS ABOVE 200% OF THE FEDERAL POVERTY**  
12 **GUIDELINES.**

13           (3) “Family contribution” means the portion of the premium cost paid  
14 for an eligible individual to enroll and participate in the Maryland Children’s Health  
15 Program.

16           (4) “MCHP premium plan” means the plan established under this  
17 section to provide access to health insurance coverage to eligible individuals through  
18 managed care organizations under the Maryland Children’s Health Program.

19           [(b) Except as provided in subsection (c) of this section, this section applies  
20 only to individuals whose family income is above 200 percent, but at or below 300  
21 percent of the federal poverty guidelines.]

22           [(c) (B) (1) As a requirement of enrollment and participation in the  
23 MCHP premium plan, the parent or guardian of an eligible individual shall agree to  
24 pay [the following] **AN** annual family contribution:

25                   [(i) In fiscal year 2004 only, for an eligible individual whose  
26 family income is above 185 percent, but at or below 200 percent of the federal poverty  
27 guidelines, an amount equal to 2 percent of the annual income of a family of two at  
28 185 percent of the federal poverty guidelines;]

29                   [(ii) (I) For an eligible individual whose family income is  
30 above [200 percent] **200%**, but at or below [250 percent] **250%** of the federal poverty  
31 guidelines, an amount equal to [2 percent] **2%** of the annual income of a family of two  
32 at [200 percent] **200%** of the federal poverty guidelines; [and]

33                   [(iii) (II) For an eligible individual whose family income is  
34 above [250 percent] **250%**, but at or below [300 percent] **300%** of the federal poverty

1 guidelines, an amount equal to [2 percent] **2%** of the annual income of a family of two  
2 at [250 percent] **250%** of the federal poverty guidelines; AND

3 **(III) FOR AN ELIGIBLE INDIVIDUAL WHOSE FAMILY INCOME**  
4 **IS ABOVE 300% OF THE FEDERAL POVERTY GUIDELINES, AN AMOUNT BASED ON**  
5 **FULL BENEFIT COSTS.**

6 (2) The family contribution amounts required under paragraph (1) of  
7 this subsection apply on a per family basis regardless of the number of eligible  
8 individuals each family has enrolled in the MCHP premium plan.

9 [(d)] (C) The Department shall adopt regulations necessary to implement  
10 this section.

11 **SUBTITLE 5. HEALTH CARE COVERAGE FOR RESIDENTS 18 YEARS OF AGE AND**  
12 **YOUNGER.**

13 **20-501.**

14 **ON AND AFTER JANUARY 1, 2010, ALL RESIDENTS OF THE STATE 18**  
15 **YEARS OF AGE AND YOUNGER SHALL OBTAIN AND MAINTAIN CREDITABLE**  
16 **COVERAGE AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE.**

17 **Article – Insurance**

18 15-1301.

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

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

21 (i) an employer sponsored plan;

22 (ii) a health benefit plan;

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

24 (iv) Title XIX or Title XXI of the Social Security Act, other than  
25 coverage consisting solely of benefits under § 1928 of that Act;

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

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

29 (vii) a State health benefits risk pool;

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

3 (ix) a public health plan as defined by federal regulations  
4 authorized by the Public Health Service Act, § 2701(c)(1)(i), as amended by P.L.  
5 104–191; or

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

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

## 12 **Article – Tax – General**

13 10–211.1.

14 (a) [(1)] In this section, “health care coverage” means creditable coverage as  
15 defined in § 15–1301 of the Insurance Article.

16 (b) (1) If the income, reported on the tax return for tax year 2007, of a  
17 taxpayer with a dependent child does not exceed the highest income eligibility  
18 standard for the Maryland Medical Assistance Program or the Maryland Children’s  
19 Health Program, the Comptroller shall send a notice to the taxpayer:

20 (i) indicating that the dependent child may be eligible for the  
21 Maryland Medical Assistance Program or the Maryland Children’s Health Program;  
22 and

23 (ii) providing information about how to enroll in the programs.

24 (2) The notice required under paragraph (1) of this subsection shall be  
25 developed by the Department of Health and Mental Hygiene.

26 (c) (1) [(i)] Beginning with the tax return for tax year 2008, the  
27 taxpayer shall report on the income tax return, in the form required by the  
28 Comptroller, the presence or absence of health care coverage for each dependent child  
29 for whom an exemption is claimed.

30 [(ii) Notwithstanding any other provision of law, a taxpayer may  
31 not be penalized in any manner for not providing the information required under  
32 subparagraph (i) of this paragraph or providing information required under  
33 subparagraph (i) of this paragraph that is inaccurate.]

1           (2)   (i)    If the taxpayer indicates on the income tax return for tax  
2 year 2008 or 2009 that a dependent child does not have health care coverage, and the  
3 income on the taxpayer's tax return does not exceed the highest level income eligibility  
4 standard for the Maryland Medical Assistance Program or the Maryland Children's  
5 Health Program, the Comptroller shall send the taxpayer applications and enrollment  
6 instructions for the Maryland Medical Assistance Program and the Maryland  
7 Children's Health Program.

8           (ii)   The Comptroller may not send any notice or information  
9 with the applications and enrollment instructions required under subparagraph (i) of  
10 this paragraph, other than a notice developed by the Department of Health and  
11 Mental Hygiene.

12           **(D)   (1)   SUBJECT TO SUBSECTIONS (E) AND (F) OF THIS SECTION, IN**  
13 **ADDITION TO THE STATE INCOME TAX UNDER § 10-105(A) OF THIS TITLE, AN**  
14 **INDIVIDUAL WHO CLAIMS AN EXEMPTION FOR A DEPENDENT CHILD SHALL**  
15 **REDUCE THE EXEMPTION AMOUNT FOR THE DEPENDENT CHILD BY \$25, UNLESS**  
16 **THE DEPENDENT CHILD FOR WHOM THE EXEMPTION IS CLAIMED:**

17                   **(I)   HAD HEALTH CARE COVERAGE ON DECEMBER 31 OF**  
18 **THE TAXABLE YEAR; AND**

19                   **(II)   DID NOT HAVE A BREAK IN HEALTH CARE COVERAGE OF**  
20 **63 DAYS OR MORE DURING THE TAXABLE YEAR.**

21           **(2)   FOR A MARRIED COUPLE FILING A JOINT RETURN, THE**  
22 **REDUCTION TO THE EXEMPTION AMOUNT UNDER THIS SECTION EQUALS \$50.**

23           **(E)   THIS SECTION DOES NOT APPLY IF THE DEPENDENT CHILD FOR**  
24 **WHOM AN EXEMPTION IS CLAIMED DOES NOT RESIDE IN THE STATE.**

25           **(F)   THE COMPTROLLER SHALL PROVIDE FOR AN EXCEPTION TO**  
26 **SUBSECTION (D) OF THIS SECTION FOR AN INDIVIDUAL OR MARRIED COUPLE**  
27 **WHO OBJECTS TO HEALTH INSURANCE ON RELIGIOUS GROUNDS, PROVIDED**  
28 **THAT THE INDIVIDUAL OR MARRIED COUPLE FILES A SWORN AFFIDAVIT WITH**  
29 **THE TAX RETURN STATING THAT THE SINCERELY HELD RELIGIOUS BELIEFS OF**  
30 **THE INDIVIDUAL OR MARRIED COUPLE ARE THE BASIS OF THE REFUSAL OF THE**  
31 **INDIVIDUAL OR MARRIED COUPLE TO OBTAIN AND MAINTAIN HEALTH CARE**  
32 **COVERAGE FOR A DEPENDENT CHILD.**

33                                   **Chapter 692 of the Acts of 2008**

34           SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect  
35 July 1, 2008. [It] **SECTION 10-211.1(B) AND (C)(2) OF THE TAX - GENERAL**  
36 **ARTICLE, AS ENACTED BY THIS ACT,** shall remain effective for a period of 3 years

1 and, at the end of June 30, 2011, with no further action required by the General  
2 Assembly, § **10-211.1(B) AND (C)(2) OF THE TAX – GENERAL ARTICLE, AS**  
3 **ENACTED BY** this Act shall be abrogated and of no further force and effect.

4 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of  
5 Health and Mental Hygiene and the Comptroller shall publicize the requirements of  
6 this Act to provide an adequate opportunity for individuals to obtain health care  
7 coverage for their dependent children and claim the full exemption amount for their  
8 dependent children.

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

10 (a) The Maryland Health Care Commission, in consultation with the  
11 Department of Health and Mental Hygiene and the Maryland Insurance  
12 Administration, shall submit an initial report and a final report on health care  
13 coverage of children in the State.

14 (b) The initial report shall provide recommendations for:

15 (1) education and outreach about health care coverage options for  
16 children;

17 (2) assisting children whose family income is above 300% of the  
18 federal poverty guidelines to obtain and maintain health care coverage; and

19 (3) using the tax revenue resulting from the reduction in the  
20 exemption amount for a dependent child enacted by Section 1 of this Act.

21 (c) The final report shall:

22 (1) determine the effectiveness of the provisions enacted by Section 1  
23 of this Act in increasing health care coverage among children in the State; and

24 (2) reexamine the recommendations provided in the initial report.

25 (d) The Maryland Health Care Commission shall submit the initial report on  
26 or before January 1, 2011, and the final report on or before January 1, 2013, to the  
27 Governor and, in accordance with § 2-1246 of the State Government Article, the  
28 General Assembly.

29 SECTION 4. AND BE IT FURTHER ENACTED, That § 10-211.1(c)(1) and (d)  
30 through (f) of the Tax – General Article, as enacted by Section 1 of this Act shall take  
31 effect January 1, 2011, and shall be applicable to all taxable years beginning after  
32 December 31, 2010, and ending before January 1, 2014.

33 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided by  
34 Section 4 of this Act, this Act shall take effect January 1, 2010.