

HOUSE BILL 1782

C3, Q3

EMERGENCY BILL

8lr3979

By: ~~Delegates Pena-Melnyk and Pendergrass,~~ Pendergrass, Bromwell, Angel, Barron, Cullison, Hayes, Hill, Kelly, Morales, Platt, Rosenberg, Sample-Hughes, and K. Young ~~K. Young, and R. Lewis~~

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Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 13, 2018

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance – ~~Health Care Access Program – Establishment~~ Individual**
3 **Market Stabilization**
4 **(Maryland Health Care Access Act of 2018)**

5 FOR the purpose of ~~requiring the State Health Services Cost Review Commission, for a~~
6 ~~certain fiscal year, to assess on each hospital a certain fee for a certain purpose;~~
7 ~~prohibiting the State Health Services Cost Review Commission from raising certain~~
8 ~~hospital rates as part of a certain update factor to offset the fee; prohibiting the fee~~
9 ~~from exceeding a certain percentage of certain revenue; requiring each hospital to~~
10 ~~remit the fee to the Maryland Health Benefit Exchange Fund; requiring a carrier to~~
11 ~~pay a certain assessment on certain premiums under certain circumstances~~
12 ~~beginning on a certain date; requiring the assessment to be in addition to certain~~
13 ~~taxes and certain penalties or actions; requiring certain health insurers, nonprofit~~
14 ~~health service plans, health maintenance organizations, and managed care~~
15 ~~organizations to pay, in a certain calendar year, a certain additional assessment for~~
16 ~~a certain purpose; providing for the distribution of the assessments; altering the~~
17 ~~purpose, contents, and authorized use of the Maryland Health Benefit Exchange~~
18 ~~Fund; requiring that certain funds be used in a certain manner; repealing the~~
19 ~~requirement that the Maryland Health Benefit Exchange implement or oversee the~~
20 ~~implementation of state-specific requirements for transitional reinsurance and risk~~
21 ~~adjustment under the Affordable Care Act; repealing the authority of the Exchange~~
22 ~~to establish a State Reinsurance Program; requiring the Exchange to establish a~~

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.



~~Health Care Access Program to provide reinsurance to certain carriers; requiring that the Program be designed to mitigate the impact of certain individuals on certain rates; providing that, beginning on a certain date, funding for reinsurance in the individual health insurance market through the Program may be made from certain sources; requiring that, beginning on a certain date and under certain circumstances, certain State funding for the reinsurance of the individual market through the Program be contingent on the Centers for Medicare and Medicaid Services approving a waiver under a certain provision of federal law; requiring the Exchange to adopt certain regulations on or before a certain date; authorizing the Exchange and the Maryland Insurance Commissioner to submit a waiver under a certain provision of federal law in accordance with the recommendations of the Maryland Health Insurance Coverage Protection Commission; authorizing, on or before a certain date, the Commissioner to waive certain statutory requirements under certain circumstances; requiring, beginning on a certain date, an individual to maintain certain coverage for certain individuals; requiring that an individual pay a certain penalty under certain circumstances; requiring that the penalty be in addition to a certain State income tax and included with a certain income tax return; requiring that certain individuals be jointly liable for the penalty under certain circumstances; establishing the amount of the penalty; exempting an individual who qualifies for a certain exemption under federal law from being assessed the penalty; requiring an individual to indicate certain information on a certain income tax return; requiring the Comptroller to distribute certain revenues from the penalty to a certain fund for certain purposes; defining certain terms; repealing certain provisions of law rendered obsolete by certain provisions of this Act; requiring the Maryland Health Insurance Coverage Protection Commission to study and make recommendations for individual and group market stability; requiring the Maryland Health Insurance Coverage Protection Commission to engage an independent actuarial firm to assist in its study; requiring the Maryland Health Insurance Coverage Protection Commission, on or before a certain date, to report certain findings and recommendations to the Governor and the General Assembly requiring certain health insurers, nonprofit health service plans, health maintenance organizations, and managed care organizations to be subject to a certain assessment in a certain year; establishing the purpose and providing for the distribution of the assessment; establishing that certain provisions of law that apply to certain small employer health benefit plans apply to health benefit plans offered by certain entities; altering the definition of "short-term limited duration insurance" as it relates to certain provisions of law governing individual health benefit plans; altering the membership of the Maryland Health Insurance Coverage Protection Commission; requiring the Commission to study and make recommendations for individual and group health insurance market stability; requiring the Commission to engage an independent actuarial firm to assist in a certain study; requiring the Commission to include its findings and recommendations from a certain study in a certain report; making this Act an emergency measure; and generally relating to health insurance.~~

~~BY repealing and reenacting, with amendments,
Article — Health — General
Section 19-214(d)~~

1 ~~Annotated Code of Maryland~~
 2 ~~(2015 Replacement Volume and 2017 Supplement)~~

3 BY adding to
 4 Article – Insurance
 5 Section ~~6–102.1, 6–102.2, 31–117, and 31–117.1~~
 6 Annotated Code of Maryland
 7 (2017 Replacement Volume)

8 BY repealing and reenacting, with amendments,
 9 Article – Insurance
 10 Section ~~31–107~~ 15–1202 and 15–1301(s)
 11 Annotated Code of Maryland
 12 (2017 Replacement Volume)

13 ~~BY repealing~~
 14 ~~Article – Insurance~~
 15 ~~Section 31–117~~
 16 ~~Annotated Code of Maryland~~
 17 ~~(2017 Replacement Volume)~~

18 ~~BY adding to~~
 19 ~~Article – Tax – General~~
 20 ~~Section 10–102.2~~
 21 ~~Annotated Code of Maryland~~
 22 ~~(2016 Replacement Volume and 2017 Supplement)~~

23 BY repealing and reenacting, without amendments,
 24 Chapter 17 of the Acts of the General Assembly of 2017
 25 Section 1(b) and (g)

26 BY repealing and reenacting, with amendments,
 27 Chapter 17 of the Acts of the General Assembly of 2017
 28 Section 1(c)(6)(viii) and (ix), (h), and (i)

29 BY adding to
 30 Chapter 17 of the Acts of the General Assembly of 2017
 31 Section 1(c)(6)(x) and (xi) and (h)

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

34 ~~Article – Health – General~~

35 ~~19–214.~~

~~(d) (1) Each year, the Commission shall assess a uniform, broad based, and reasonable amount in hospital rates to reflect the aggregate reduction in hospital uncompensated care realized from the expansion of health care coverage under Chapter 7 of the Acts of the 2007 Special Session of the General Assembly.~~

~~(2) (i) 1. The Commission shall ensure that the assessment amount equals 1.25% of projected regulated net patient revenue.~~

~~2. Each hospital shall remit its assessment amount to the Health Care Coverage Fund established under § 15-701 of this article.~~

~~(ii) Any savings realized in averted uncompensated care as a result of the expansion of health care coverage under Chapter 7 of the Acts of the 2007 Special Session of the General Assembly that are not subject to the assessment under paragraph (1) of this subsection shall be shared among purchasers of hospital services in a manner that the Commission determines is most equitable.~~

~~(3) (i) Funds generated from the assessment under this subsection may be used only to supplement coverage under the Medical Assistance Program beyond the eligibility requirements in existence on January 1, 2008.~~

~~(ii) Any funds remaining after the expenditure of funds under subparagraph (i) of this paragraph has been made may be used for the general operations of the Medicaid program.~~

~~(4) (i) IN ADDITION TO THE RATES IMPOSED UNDER PARAGRAPH (1) OF THIS SUBSECTION AND SUBJECT TO SUBPARAGRAPHS (II) AND (III) OF THIS PARAGRAPH, FOR FISCAL YEAR 2019, THE COMMISSION SHALL ASSESS A UNIFORM, BROAD-BASED AND REASONABLE FEE ON EACH HOSPITAL FOR THE PURPOSE OF SUPPORTING THE HEALTH CARE ACCESS PROGRAM ESTABLISHED UNDER § 31-117 OF THE INSURANCE ARTICLE.~~

~~(ii) THE COMMISSION MAY NOT RAISE HOSPITAL RATES AS PART OF THE ANNUAL UPDATE FACTOR FOR FISCAL YEAR 2019 TO OFFSET THE FEE ASSESSED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.~~

~~(iii) THE FEE ASSESSED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY NOT EXCEED 0.5% OF EACH HOSPITAL'S NET PATIENT REVENUE.~~

~~(iv) EACH HOSPITAL SHALL REMIT THE FEE ASSESSED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH TO THE MARYLAND HEALTH BENEFIT EXCHANGE FUND ESTABLISHED UNDER § 31-107 OF THE INSURANCE ARTICLE.~~

Article - Insurance

6-102.1.

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

3 (2) ~~“CARRIER” HAS THE MEANING STATED IN § 15-1201 OF THIS~~
4 ~~ARTICLE.~~

5 (3) ~~“HEALTH BENEFIT PLAN” HAS THE MEANING STATED IN §~~
6 ~~15-1201 OF THIS ARTICLE.~~

7 (B) (1) ~~BEGINNING JANUARY 1, 2019, A CARRIER SHALL PAY AN~~
8 ~~ASSESSMENT OF 3% ON THE CARRIER’S NEW AND RENEWAL GROSS DIRECT~~
9 ~~PREMIUMS IF THE CARRIER FAILS TO OFFER INDIVIDUAL HEALTH BENEFIT PLANS~~
10 ~~IN THE STATE IN ACCORDANCE WITH TITLE 15, SUBTITLE 13 OF THIS ARTICLE.~~

11 (2) ~~THE ASSESSMENT PAYABLE BY A CARRIER UNDER THIS SECTION~~
12 ~~SHALL BE BASED ON THE CARRIER’S PREMIUMS IN ANY MARKET SEGMENT:~~

13 (I) ~~ALLOCABLE TO THE STATE; AND~~

14 (H) ~~WRITTEN DURING THE IMMEDIATELY PRECEDING~~
15 ~~CALENDAR YEAR.~~

16 (C) ~~NOTWITHSTANDING § 2-114 OF THIS ARTICLE, BEGINNING JANUARY 1,~~
17 ~~2019, THE ASSESSMENT REQUIRED UNDER SUBSECTION (B) OF THIS SECTION SHALL~~
18 ~~BE DISTRIBUTED ANNUALLY TO THE MARYLAND HEALTH BENEFIT EXCHANGE~~
19 ~~FUND ESTABLISHED UNDER § 31-107 OF THIS ARTICLE FOR THE SOLE PURPOSE OF~~
20 ~~FUNDING THE OPERATION AND ADMINISTRATION OF THE HEALTH CARE ACCESS~~
21 ~~PROGRAM AUTHORIZED UNDER § 31-117 OF THIS ARTICLE.~~

22 (D) ~~THE ASSESSMENT REQUIRED UNDER THIS SECTION SHALL BE IN~~
23 ~~ADDITION TO:~~

24 (1) ~~TAXES OWED BY THE CARRIER UNDER ANY OTHER PROVISION OF~~
25 ~~LAW; AND~~

26 (2) ~~ANY PENALTIES IMPOSED OR ACTIONS TAKEN BY THE~~
27 ~~COMMISSIONER IN RESPONSE TO THE CARRIER’S FAILURE TO COMPLY WITH THIS~~
28 ~~ARTICLE.~~

29 ~~6-102.2.~~

30 (A) THIS SECTION APPLIES TO:

1 (1) A HEALTH INSURER, NONPROFIT HEALTH SERVICE PLAN, OR
2 HEALTH MAINTENANCE ORGANIZATION THAT PROVIDES A HEALTH BENEFIT PLAN
3 REGULATED BY THE STATE; AND

4 (2) A MANAGED CARE ORGANIZATION AUTHORIZED UNDER TITLE 15,
5 SUBTITLE 1 OF THE HEALTH – GENERAL ARTICLE.

6 (B) THE PURPOSE OF THIS SECTION IS TO RECOUP THE HEALTH INSURANCE
7 PROVIDER FEE THAT OTHERWISE WOULD HAVE BEEN ASSESSED UNDER § 9010 OF
8 THE AFFORDABLE CARE ACT THAT IS ATTRIBUTABLE TO STATE HEALTH RISK FOR
9 CALENDAR YEAR 2019 AS A BRIDGE TO STABILITY IN THE INDIVIDUAL HEALTH
10 INSURANCE MARKET.

11 (C) (1) IN CALENDAR YEAR 2019, IN ADDITION TO THE AMOUNTS
12 OTHERWISE DUE UNDER THIS SUBTITLE, AN ENTITY SUBJECT TO THIS SECTION
13 SHALL BE SUBJECT TO AN ASSESSMENT OF 2.75% ON ALL AMOUNTS USED TO
14 CALCULATE THE ENTITY'S PREMIUM TAX LIABILITY UNDER § 6-102 OF THIS
15 SUBTITLE OR THE AMOUNT OF THE ENTITY'S PREMIUM TAX EXEMPTION VALUE FOR
16 CALENDAR YEAR 2018.

17 (2) NOTWITHSTANDING § 2-114 OF THIS ARTICLE, THE ASSESSMENT
18 REQUIRED UNDER THIS SECTION SHALL BE DISTRIBUTED BY THE COMMISSIONER
19 TO THE MARYLAND HEALTH BENEFIT EXCHANGE FUND ESTABLISHED UNDER §
20 31-107 OF THIS ARTICLE.

21 15-1202.

22 (a) This subtitle applies only to a health benefit plan that:

23 (1) covers eligible employees of small employers in the State; and

24 (2) is issued or renewed on or after July 1, 1994, if:

25 (i) any part of the premium or benefits is paid by or on behalf of the
26 small employer;

27 (ii) any eligible employee or dependent is reimbursed, through wage
28 adjustments or otherwise, by or on behalf of the small employer for any part of the
29 premium;

30 (iii) the health benefit plan is treated by the employer or any eligible
31 employee or dependent as part of a plan or program under the United States Internal
32 Revenue Code, 26 U.S.C. § 106, § 125, or § 162; or

1 (iv) the small employer allows eligible employees to pay for the
 2 health benefit plan through payroll deductions.

3 (b) A carrier is subject to the requirements of § 15–1403 of this title in connection
 4 with health benefit plans issued under this subtitle.

5 **(C) THIS SUBTITLE APPLIES TO ANY HEALTH BENEFIT PLAN OFFERED BY AN**
 6 **ASSOCIATION, A PROFESSIONAL EMPLOYEE ORGANIZATION, OR ANY OTHER ENTITY,**
 7 **INCLUDING A PLAN ISSUED UNDER THE LAWS OF ANOTHER STATE, IF THE HEALTH**
 8 **BENEFIT PLAN COVERS ELIGIBLE EMPLOYEES OF ONE OR MORE SMALL EMPLOYERS**
 9 **AND MEETS THE REQUIREMENTS OF SUBSECTION (A) OF THIS SECTION.**

10 15–1301.

11 (s) “Short-term limited duration insurance” [has the meaning stated in 45 C.F.R.
 12 § 144.103] MEANS HEALTH INSURANCE COVERAGE PROVIDED UNDER A POLICY OR
 13 CONTRACT WITH A CARRIER AND THAT:

14 **(1) HAS A POLICY TERM THAT IS LESS THAN 3 MONTHS AFTER THE**
 15 **ORIGINAL EFFECTIVE DATE OF THE POLICY OR CONTRACT;**

16 **(2) MAY NOT BE EXTENDED OR RENEWED;**

17 **(3) APPLIES THE SAME UNDERWRITING STANDARDS TO ALL**
 18 **APPLICANTS REGARDLESS OF WHETHER THEY HAVE PREVIOUSLY BEEN COVERED**
 19 **BY SHORT-TERM LIMITED DURATION INSURANCE; AND**

20 **(4) CONTAINS THE NOTICE REQUIRED BY FEDERAL LAW**
 21 **PROMINENTLY DISPLAYED IN THE CONTRACT AND IN ANY APPLICATION MATERIALS**
 22 **PROVIDED IN CONNECTION WITH ENROLLMENT.**

23 ~~31–107.~~

24 ~~(a) There is a Maryland Health Benefit Exchange Fund.~~

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

26 ~~(i) provide funding for the operation and administration of the~~
 27 ~~Exchange in carrying out the purposes of the Exchange under this title; and~~

28 ~~(ii) provide funding for the establishment and operation of the [State~~
 29 ~~Reinsurance Program] HEALTH CARE ACCESS PROGRAM authorized under § 31–117 of~~
 30 ~~this title.~~

~~(2) The operation and administration of the Exchange and the [State Reinsurance Program] HEALTH CARE ACCESS PROGRAM may include functions delegated by the Exchange to a third party under law or by contract.~~

~~(e) The Exchange shall administer the Fund.~~

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

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

~~(e) The Fund consists of:~~

~~(1) any user fees or other assessments collected by the Exchange;~~

~~(2) all revenue deposited into the Fund that is received from the distribution of the premium tax under § 6-103.2 of this article;~~

~~(3) all revenue transferred to the Fund before July 1, 2016, from the Maryland Health Insurance Plan Fund;~~

~~(4) ASSESSMENTS COLLECTED BY THE COMMISSIONER UNDER §§ 6-102.1 AND 6-102.2 OF THIS ARTICLE;~~

~~(5) ASSESSMENTS REMITTED IN ACCORDANCE WITH § 19-214 OF THE HEALTH GENERAL ARTICLE;~~

~~(6) PENALTIES COLLECTED BY THE COMPTROLLER UNDER § 10-102.2 OF THE TAX GENERAL ARTICLE;~~

~~[(4)] (7) income from investments made on behalf of the Fund;~~

~~[(5)] (8) interest on deposits or investments of money in the Fund;~~

~~[(6)] (9) money collected by the Board as a result of legal or other actions taken by the Board on behalf of the Exchange or the Fund;~~

~~[(7)] (10) money donated to the Fund;~~

~~[(8)] (11) money awarded to the Fund through grants; and~~

~~[(9)] (12) any other money from any other source accepted for the benefit of the Fund.~~

~~(f) The Fund may be used only:~~

1 ~~(1) for the operation and administration of the Exchange in carrying out~~
2 ~~the purposes authorized under this title; and~~

3 ~~(2) for the establishment and operation of the [State Reinsurance~~
4 ~~Program] **HEALTH CARE ACCESS PROGRAM** authorized under § 31-117 of this title.~~

5 ~~(g) (1) The Board shall maintain separate accounts within the Fund for~~
6 ~~Exchange operations and for the [State Reinsurance Program] **HEALTH CARE ACCESS**~~
7 ~~**PROGRAM.**~~

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

10 ~~(3) Funds received from the distribution of the premium tax under §~~
11 ~~6-103.2 of this article shall be placed in the account for Exchange operations and may be~~
12 ~~used only for the purpose of funding the operation and administration of the Exchange.~~

13 ~~[(4) Funds transferred from the Maryland Health Insurance Plan Fund~~
14 ~~before July 1, 2016, shall be placed in the account for the State Reinsurance Program and~~
15 ~~may be used only for the purpose of funding the State Reinsurance Program.]~~

16 ~~(4) **THE FOLLOWING FUNDS MAY BE USED ONLY FOR THE PURPOSES**~~
17 ~~**OF THE HEALTH CARE ACCESS PROGRAM:**~~

18 ~~(I) **ASSESSMENTS DISTRIBUTED TO THE FUND IN ACCORDANCE**~~
19 ~~**WITH §§ 6-102.1 AND 6-102.2 OF THIS ARTICLE;**~~

20 ~~(II) **ASSESSMENTS REMITTED TO THE FUND IN ACCORDANCE**~~
21 ~~**WITH § 19-214 OF THE HEALTH GENERAL ARTICLE;**~~

22 ~~(III) **PENALTIES DISTRIBUTED TO THE FUND IN ACCORDANCE**~~
23 ~~**WITH § 10-102.2 OF THE TAX GENERAL ARTICLE; AND**~~

24 ~~(IV) **ANY FUNDS THAT THE STATE RECEIVES FROM THE**~~
25 ~~**FEDERAL GOVERNMENT UNDER ANY FEDERALLY SPONSORED OR DEVELOPED**~~
26 ~~**PROGRAM TO PROMOTE OR ENHANCE STABILITY IN THE INDIVIDUAL HEALTH**~~
27 ~~**INSURANCE MARKET.**~~

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

30 ~~(i) with an appropriation from the Fund approved by the General~~
31 ~~Assembly in the State budget; or~~

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

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

9 (3) ~~If operating expenses of the Exchange may be charged to either State~~
10 ~~or non-State fund sources, the non-State funds shall be charged before State funds are~~
11 ~~charged.~~

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

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

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

17 (j) ~~A debt or an obligation of the Fund is not a debt of the State or a pledge of~~
18 ~~credit of the State.~~

19 ~~§ 31-117.~~

20 (a) ~~The Exchange, with the approval of the Commissioner, shall implement or~~
21 ~~oversee the implementation of the state-specific requirements of §§ 1341 and 1343 of the~~
22 ~~Affordable Care Act relating to transitional reinsurance and risk adjustment.~~

23 (b) ~~The Exchange may not assume responsibility for the program corridors for~~
24 ~~health benefit plans in the Individual Exchange and the SHOP Exchange established under~~
25 ~~§ 1342 of the Affordable Care Act.~~

26 (e) (1) ~~In compliance with § 1341 of the Affordable Care Act, the Exchange, in~~
27 ~~consultation with the Maryland Health Care Commission and with the approval of the~~
28 ~~Commissioner, shall operate or oversee the operation of a transitional reinsurance program~~
29 ~~in accordance with regulations adopted by the Secretary for coverage years 2014 through~~
30 ~~2016.~~

31 (2) ~~As required by the Affordable Care Act and regulations adopted by the~~
32 ~~Secretary, the transitional reinsurance program shall be designed to protect carriers that~~
33 ~~offer individual health benefit plans inside and outside the Exchange against excessive~~
34 ~~health care expenses incurred by high-risk individuals.~~

~~(3) (i) The Exchange, in consultation with the Maryland Health Care Commission and with the approval of the Commissioner, may establish a State Reinsurance Program to take effect on or after January 1, 2014.~~

~~(ii) The purpose of the State Reinsurance Program is to mitigate the impact of high risk individuals on rates in the individual insurance market inside and outside the Exchange.~~

~~(iii) The Exchange shall use funds transferred from the Maryland Health Insurance Plan Fund before July 1, 2016, to fund the State Reinsurance Program.~~

~~(d) (1) In compliance with § 1343 of the Affordable Care Act, the Exchange, with the approval of the Commissioner, shall operate or oversee the operation of a risk adjustment program designed to:~~

~~(i) reduce the incentive for carriers to manage their risk by seeking to enroll individuals with a lower than average health risk;~~

~~(ii) increase the incentive for carriers to enhance the quality and cost-effectiveness of their enrollees' health care services; and~~

~~(iii) require appropriate adjustments among all health benefit plans in the individual and small group markets inside and outside the Exchange to compensate for the enrollment of high risk individuals.~~

~~(2) Beginning in 2014, the Exchange, with the approval of the Commissioner, shall strongly consider using the federal model adopted by the Secretary in the operation of the State's risk adjustment program.]~~

~~31 117.~~

~~(A) THE EXCHANGE SHALL ESTABLISH A HEALTH CARE ACCESS PROGRAM TO PROVIDE REINSURANCE TO CARRIERS THAT OFFER INDIVIDUAL HEALTH BENEFIT PLANS IN THE STATE.~~

~~(B) THE HEALTH CARE ACCESS PROGRAM SHALL BE DESIGNED TO MITIGATE THE IMPACT OF HIGH RISK INDIVIDUALS ON RATES IN THE INDIVIDUAL INSURANCE MARKET INSIDE AND OUTSIDE THE EXCHANGE.~~

~~(C) BEGINNING JANUARY 1, 2020, FUNDING FOR REINSURANCE IN THE INDIVIDUAL MARKET THROUGH THE HEALTH CARE ACCESS PROGRAM MAY BE MADE FROM:~~

~~(1) ANY AVAILABLE STATE FUNDING SOURCE; AND~~

~~(2) ANY AVAILABLE FEDERAL FUNDING SOURCE.~~

~~(D) BEGINNING JANUARY 1, 2020, IF REQUIRED UNDER THE TERMS AND CONDITIONS OF RECEIVING FEDERAL FUNDS, STATE FUNDING FOR REINSURANCE IN THE INDIVIDUAL MARKET THROUGH THE HEALTH CARE ACCESS PROGRAM SHALL BE CONTINGENT ON THE CENTERS FOR MEDICARE AND MEDICAID SERVICES APPROVING A WAIVER UNDER § 1332 OF THE AFFORDABLE CARE ACT.~~

~~(E) THE EXCHANGE SHALL ADOPT REGULATIONS IMPLEMENTING THE PROVISIONS OF THIS SECTION.~~

~~31-117.1.~~

~~(A) THE EXCHANGE AND THE COMMISSIONER MAY SUBMIT A WAIVER UNDER § 1332 OF THE AFFORDABLE CARE ACT IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE MARYLAND HEALTH INSURANCE COVERAGE PROTECTION COMMISSION ESTABLISHED UNDER CHAPTER 17 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2017.~~

~~(B) ON OR BEFORE DECEMBER 31, 2019, THE COMMISSIONER MAY WAIVE ANY NOTIFICATION OR OTHER REQUIREMENTS THAT APPLY TO A CARRIER UNDER THIS ARTICLE IN CALENDAR YEAR 2019 DUE TO THE IMPLEMENTATION OF A WAIVER APPROVED UNDER § 1332 OF THE AFFORDABLE CARE ACT.~~

~~Article Tax General~~

~~10-102.2.~~

~~(A) THIS SECTION DOES NOT APPLY TO A NONRESIDENT, INCLUDING A NONRESIDENT SPOUSE AND A NONRESIDENT DEPENDENT.~~

~~(B) BEGINNING JANUARY 1, 2019, AN INDIVIDUAL SHALL MAINTAIN FOR THE INDIVIDUAL, AND FOR EACH DEPENDENT OF THE INDIVIDUAL, MINIMUM ESSENTIAL COVERAGE, AS DEFINED IN § 15-1301 OF THE INSURANCE ARTICLE.~~

~~(C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND EXCEPT AS PROVIDED UNDER SUBSECTION (E) OF THIS SECTION, AN INDIVIDUAL SHALL PAY A PENALTY IN THE AMOUNT DETERMINED UNDER SUBSECTION (D) OF THIS SECTION IF THE INDIVIDUAL FAILS TO MAINTAIN THE COVERAGE REQUIRED UNDER SUBSECTION (B) OF THIS SECTION FOR 3 OR MORE MONTHS OF THE TAXABLE YEAR.~~

~~(2) ANY PENALTY IMPOSED UNDER THIS SUBSECTION FOR ANY MONTH IN WHICH AN INDIVIDUAL FAILS TO MAINTAIN THE COVERAGE REQUIRED UNDER SUBSECTION (B) OF THIS SECTION SHALL BE:~~

1 ~~(I) IN ADDITION TO THE STATE INCOME TAX UNDER §~~
2 ~~10-105(A) OF THIS SUBTITLE; AND~~

3 ~~(II) INCLUDED WITH THE STATE INCOME TAX RETURN FOR THE~~
4 ~~INDIVIDUAL UNDER SUBTITLE 8 OF THIS TITLE FOR THE TAXABLE YEAR THAT~~
5 ~~INCLUDES THE MONTHS IN WHICH COVERAGE WAS NOT MAINTAINED AS REQUIRED~~
6 ~~UNDER SUBSECTION (B) OF THIS SECTION.~~

7 ~~(3) IF AN INDIVIDUAL WHO IS SUBJECT TO A PENALTY UNDER THIS~~
8 ~~SECTION FILES A JOINT STATE INCOME TAX RETURN UNDER § 10-807 OF THIS TITLE,~~
9 ~~THE INDIVIDUAL AND THE INDIVIDUAL'S SPOUSE SHALL BE JOINTLY LIABLE FOR~~
10 ~~THE PENALTY.~~

11 ~~(D) THE AMOUNT OF THE PENALTY IMPOSED UNDER SUBSECTION (C) OF~~
12 ~~THIS SECTION SHALL BE EQUAL TO THE GREATER OF:~~

13 ~~(1) 2.5% OF THE SUM OF THE INDIVIDUAL'S FEDERAL MODIFIED~~
14 ~~ADJUSTED GROSS INCOME, AS DEFINED IN 42 U.S.C. § 1395R, AND THE FEDERAL~~
15 ~~MODIFIED ADJUSTED GROSS INCOME OF ALL INDIVIDUALS CLAIMED ON THE~~
16 ~~INDIVIDUAL'S INCOME TAX RETURN; OR~~

17 ~~(2) THE FOLLOWING FLAT RATES PER INDIVIDUAL, ADJUSTED~~
18 ~~ANNUALLY FOR INFLATION:~~

19 ~~(I) \$695 PER ADULT; AND~~

20 ~~(II) \$347.50 PER CHILD UNDER 18 YEARS OLD.~~

21 ~~(E) AN INDIVIDUAL MAY NOT BE ASSESSED A PENALTY UNDER SUBSECTION~~
22 ~~(C) OF THIS SECTION IF THE INDIVIDUAL QUALIFIES FOR AN EXEMPTION UNDER 26~~
23 ~~U.S.C. § 5000A(E).~~

24 ~~(F) AN INDIVIDUAL SHALL INDICATE ON THE INCOME TAX RETURN FOR THE~~
25 ~~INDIVIDUAL, IN THE FORM REQUIRED BY THE COMPTROLLER, WHETHER MINIMUM~~
26 ~~ESSENTIAL COVERAGE WAS MAINTAINED AS REQUIRED UNDER SUBSECTION (B) OF~~
27 ~~THIS SECTION FOR:~~

28 ~~(1) THE INDIVIDUAL;~~

29 ~~(2) THE INDIVIDUAL'S SPOUSE IN THE CASE OF A MARRIED COUPLE;~~

30 ~~AND~~

31 ~~(3) EACH DEPENDENT CHILD OF THE INDIVIDUAL, IF ANY.~~

~~(G) NOTWITHSTANDING § 2-609 OF THIS ARTICLE, AFTER DEDUCTING A REASONABLE AMOUNT FOR ADMINISTRATIVE COSTS, THE COMPTROLLER SHALL DISTRIBUTE THE REVENUES FROM THE PENALTY TO THE MARYLAND HEALTH BENEFIT EXCHANGE FUND FOR THE PURPOSES OF THE HEALTH CARE ACCESS PROGRAM ESTABLISHED UNDER § 31-117 OF THE INSURANCE ARTICLE.~~

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

~~(a) (1) The Maryland Health Insurance Coverage Protection Commission, established under Chapter 17 of the Acts of the General Assembly of 2017, shall study and make recommendations for individual and group health insurance market stability, including:~~

~~(i) the components of a waiver under § 1332 of the Affordable Care Act to ensure market stability;~~

~~(ii) whether to pursue a standard plan design that limits cost sharing;~~

~~(iii) whether to merge the individual and small group health insurance markets in the State for rating purposes;~~

~~(iv) whether to pursue a Basic Health Program; and~~

~~(v) whether to pursue a Medicaid buy-in program for the individual market.~~

~~(2) The Maryland Health Insurance Coverage Protection Commission shall engage an independent actuarial firm to assist in its study under this subsection.~~

~~(b) On or before October 1, 2018, the Maryland Health Insurance Coverage Protection Commission shall issue a report on its findings and recommendations, including any legislative proposals, under subsection (a) of this section to the Governor and, in accordance with § 2-1246 of the State Government Article, the General Assembly.~~

~~SECTION 3. AND BE IT FURTHER ENACTED, That the Maryland Health Benefit Exchange shall adopt the regulations required under § 31-117 of the Insurance Article, as enacted by Section 1 of this Act, on or before January 1, 2019.~~

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

Chapter 17 of the Acts of 2017

~~SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That:~~

1 (b) There is a Maryland Health Insurance Coverage Protection Commission.

2 (c) The Commission consists of the following members:

3 (6) the following members:

4 (viii) one representative of behavioral health providers, appointed
5 jointly by the President of the Senate and the Speaker of the House; [and]

6 (ix) two members of the public:

7 1. one of whom shall be appointed jointly by the President of
8 the Senate and the Speaker of the House; and

9 2. one of whom shall be appointed by the Governor;

10 **(X) ONE REPRESENTATIVE OF A GROUP MODEL HEALTH**
11 **MAINTENANCE ORGANIZATION THAT PARTICIPATES IN THE INDIVIDUAL MARKET,**
12 **APPOINTED BY THE GOVERNOR; AND**

13 **(XI) ONE REPRESENTATIVE OF THE LEAGUE OF LIFE AND**
14 **HEALTH INSURERS OF MARYLAND, TO BE APPOINTED JOINTLY BY THE PRESIDENT**
15 **OF THE SENATE AND THE SPEAKER OF THE HOUSE.**

16 (g) (1) The Commission shall:

17 (i) monitor potential and actual federal changes to the ACA,
18 Medicaid, the Maryland Children's Health Program, Medicare, and the Maryland
19 All-Payer Model;

20 (ii) assess the impact of potential and actual federal changes to the
21 ACA, Medicaid, the Maryland Children's Health Program, Medicare, and the Maryland
22 All-Payer Model; and

23 (iii) provide recommendations for State and local action to protect
24 access of residents of the State to affordable health coverage.

25 (2) The duties of the Commission under paragraph (1) of this subsection
26 shall include a study that includes:

27 (i) an assessment of the current and potential adverse effects of the
28 loss of health coverage on the residents, public health, and economy of the State resulting
29 from changes to the ACA, Medicaid, the Maryland Children's Health Program, Medicare,
30 or the Maryland All-Payer Model;

1 (ii) an estimate of the costs to the State and State residents of
2 adverse effects from changes to the ACA, Medicaid, the Maryland Children's Health
3 Program, Medicare, or the Maryland All-Payer Model and the resulting loss of health
4 coverage;

5 (iii) an examination of measures that may prevent or mitigate the
6 adverse effects of changes to the ACA, Medicaid, the Maryland Children's Health Program,
7 Medicare, or the Maryland All-Payer Model and the resulting loss of health coverage on
8 the residents, public health, and economy of the State; and

9 (iv) recommendations for laws that:

10 1. may be warranted to minimize the adverse effects
11 associated with changes to the ACA, Medicaid, the Maryland Children's Health Program,
12 Medicare, or the Maryland All-Payer Model; and

13 2. will assist residents in obtaining and maintaining
14 affordable health coverage.

15 **(H) (1) THE COMMISSION SHALL STUDY AND MAKE RECOMMENDATIONS**
16 **FOR INDIVIDUAL AND GROUP HEALTH INSURANCE MARKET STABILITY, INCLUDING:**

17 **(I) THE COMPONENTS OF ONE OR MORE WAIVERS UNDER §**
18 **1332 OF THE AFFORDABLE CARE ACT TO ENSURE MARKET STABILITY THAT MAY BE**
19 **SUBMITTED BY THE STATE;**

20 **(II) WHETHER TO PURSUE A STANDARD PLAN DESIGN THAT**
21 **LIMITS COST SHARING;**

22 **(III) WHETHER TO MERGE THE INDIVIDUAL AND SMALL GROUP**
23 **HEALTH INSURANCE MARKETS IN THE STATE FOR RATING PURPOSES;**

24 **(IV) WHETHER TO PURSUE A BASIC HEALTH PROGRAM;**

25 **(V) WHETHER TO PURSUE A MEDICAID BUY-IN PROGRAM FOR**
26 **THE INDIVIDUAL MARKET;**

27 **(VI) WHETHER TO PROVIDE SUBSIDIES THAT SUPPLEMENT**
28 **PREMIUM TAX CREDITS OR COST-SHARING REDUCTIONS DESCRIBED IN § 1402(C)**
29 **OF THE AFFORDABLE CARE ACT; AND**

30 **(VII) WHETHER TO ADOPT A STATE-BASED INDIVIDUAL HEALTH**
31 **INSURANCE MANDATE AND HOW TO USE PAYMENTS COLLECTED FROM INDIVIDUALS**
32 **WHO DO NOT MAINTAIN MINIMUM ESSENTIAL COVERAGE, INCLUDING USE OF THE**
33 **PAYMENTS TO ASSIST INDIVIDUALS IN PURCHASING HEALTH INSURANCE.**

1 **(2) THE COMMISSION SHALL ENGAGE AN INDEPENDENT ACTUARIAL**
2 **FIRM TO ASSIST IN ITS STUDY UNDER THIS SUBSECTION.**

3 **(3) THE COMMISSION SHALL INCLUDE ITS FINDINGS AND**
4 **RECOMMENDATIONS FROM THE STUDY REQUIRED UNDER PARAGRAPH (1) OF THIS**
5 **SUBSECTION IN THE ANNUAL REPORT SUBMITTED BY THE COMMISSION ON OR**
6 **BEFORE DECEMBER 31, 2019, UNDER SUBSECTION (J) OF THIS SECTION.**

7 **[(h)] (I)** The Commission may:

8 (1) hold public meetings across the State to carry out the duties of the
9 Commission; and

10 (2) convene workgroups to solicit input from stakeholders.

11 **[(i)] (J)** On or before December 31 each year, the Commission shall submit a
12 report on its findings and recommendations, including any legislative proposals, to the
13 Governor and, in accordance with § 2-1246 of the State Government Article, the General
14 Assembly.

15 SECTION ~~4~~ 3. AND BE IT FURTHER ENACTED, That this Act is an emergency
16 measure, is necessary for the immediate preservation of the public health or safety, has
17 been passed by a yea and nay vote supported by three-fifths of all the members elected to
18 each of the two Houses of the General Assembly, and shall take effect from the date it is
19 enacted.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.