

HOUSE BILL 814

J5

(3lr1332)

ENROLLED BILL

— Health and Government Operations/Finance —

Introduced by **Delegates Kerr, Amprey, Boyce, Charkoudian, Crutchfield, Edelson, Embry, Fair, Forbes, Fraser-Hidalgo, Guzzone, Kaufman, R. Lewis, Moon, Pasteur, Qi, Reznik, Simpson, Toles, Vogel, ~~and White~~ White, Alston, Bagnall, Bhandari, Cullison, Hill, S. Johnson, Kaiser, Lopez, Martinez, Pena-Melnyk, Rosenberg, Taveras, and Woods**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

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

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

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.

Italics indicate opposite chamber/conference committee amendments.



1 BY repealing and reenacting, without amendments,
 2 Article – Insurance
 3 Section 31–107
 4 Annotated Code of Maryland
 5 (2017 Replacement Volume and 2022 Supplement)

6 BY repealing and reenacting, with amendments,
 7 Article – Insurance
 8 Section ~~31–107~~ and 31–122
 9 Annotated Code of Maryland
 10 (2017 Replacement Volume and 2022 Supplement)

11 BY repealing and reenacting, with amendments,
 12 Chapter 778 of the Acts of the General Assembly of 2021
 13 Section 2

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

16 **Article – Insurance**

17 31–107.

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

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

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

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

24 (iii) provide funding for the Medical Assistance Program and the
 25 Senior Prescription Drug Assistance Program;

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

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

32 (2) The operation and administration of the Exchange, the State
 33 Reinsurance Program, and the State–Based Young Adult Health Insurance Subsidies

1 ~~¶Pilot~~ Program may include functions delegated by the Exchange to a third party under
2 law or by contract.

3 (c) The Exchange shall administer the Fund.

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

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

8 (e) The Fund consists of:

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

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

12 (3) income from investments made on behalf of the Fund;

13 (4) interest on deposits or investments of money in the Fund;

14 (5) money collected by the Board as a result of legal or other actions taken
15 by the Board on behalf of the Exchange or the Fund;

16 (6) money donated to the Fund;

17 (7) money awarded to the Fund through grants;

18 (8) any pass-through funds received from the federal government under a
19 waiver approved under § 1332 of the Affordable Care Act;

20 (9) any funds designated by the federal government to provide reinsurance
21 to carriers that offer individual health benefit plans in the State;

22 (10) any funds designated by the State to provide reinsurance to carriers
23 that offer individual health benefit plans in the State;

24 (11) any funds designated by the State to provide State-based health
25 insurance subsidies to young adults in the State;

26 (12) any federal funds received in accordance with § 31–121 of this subtitle
27 for the administration of small business tax credits; and

28 (13) any other money from any other source accepted for the benefit of the
29 Fund.

- 1 (f) (1) The Fund may be used only:
- 2 (i) 1. for the operation and administration of the Exchange in
3 carrying out the purposes authorized under this subtitle;
- 4 2. for the establishment and operation of the State
5 Reinsurance Program; and
- 6 3. for appropriations to the Health Equity Resource
7 Community Reserve Fund under § 20–1407 of the Health – General Article;
- 8 (ii) in fiscal years 2021 and 2022, for the Medical Assistance
9 Program within the Medical Care Programs Administration of the Maryland Department
10 of Health;
- 11 (iii) in fiscal year 2022, for the Senior Prescription Drug Assistance
12 Program established under Title 15, Subtitle 10 of the Health – General Article; and
- 13 (iv) for the establishment and operation of the State–Based Young
14 Adult Health Insurance Subsidies ~~¶Pilot~~ Program.
- 15 (2) In each of fiscal years 2023 through 2025, the Governor shall:
- 16 (i) transfer \$15,000,000 to the Health Equity Resource Community
17 Reserve Fund; and
- 18 (ii) include the funds transferred in accordance with item (i) of this
19 paragraph in the annual budget bill as an appropriation to the Health Equity Resource
20 Community Reserve Fund under § 20–1407 of the Health – General Article.
- 21 (g) (1) The Board shall maintain separate accounts within the Fund for
22 Exchange operations, for the State Reinsurance Program, and for the State–Based Young
23 Adult Health Insurance Subsidies ~~¶Pilot~~ Program.
- 24 (2) Accounts within the Fund shall contain the money that is intended to
25 support the purpose for which each account is designated.
- 26 (3) Funds received from the distribution of the premium tax under §
27 6–103.2 of this article shall be placed in the account for Exchange operations and may be
28 used only for the purpose of funding the operation and administration of the Exchange.
- 29 (4) The following funds may be used only for the purposes of funding the
30 State Reinsurance Program:
- 31 (i) any pass–through funds received from the federal government
32 under a waiver approved under § 1332 of the Affordable Care Act to provide reinsurance to
33 carriers that offer individual health benefit plans in the State;

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

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

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

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

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

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

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

19 (3) If operating expenses of the Exchange may be charged to either State
20 or non–State fund sources, the non–State funds shall be charged before State funds are
21 charged.

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

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

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

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

29 31–122.

30 (a) In this section, ~~["Pilot Program"]~~ **“PROGRAM”** means the State–Based Young
31 Adult Health Insurance Subsidies ~~[Pilot]~~ Program.

1 (b) The Exchange, in consultation with the Commissioner and as approved by the
2 Board, shall establish and implement a State-Based Young Adult Health Insurance
3 Subsidies ~~{Pilot}~~ Program to provide subsidies to young adults for the purchase of health
4 benefit plans in the individual health insurance market.

5 (c) The ~~{Pilot}~~ Program required under this section shall be designed to:

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

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

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

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

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

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

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

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

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

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

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

1 (ii) the average subsidy amount received by young adults under the
2 ~~¶Pilot¶~~ Program.

3 (2) The Exchange shall track:

4 (i) the impact the ~~¶Pilot¶~~ Program has on rates in the individual
5 insurance market; and

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

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

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

11 (ii) included in the annual report required under § 31–119(d) of this
12 subtitle.

13 Chapter 778 of the Acts of 2021

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2021. ~~¶It shall remain effective for a period of 5 years and, at the end of June 30, 2024~~
16 2026, this Act, with no further action required by the General Assembly, shall be abrogated
17 and of no further force and effect.¶

18 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 1,
19 2024, the Maryland Health Benefit Exchange, in consultation with the Maryland Insurance
20 Administration, shall:

21 (1) conduct a study of:

22 (i) available federal and State subsidies;

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

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

28 (2) report to the Senate Finance Committee and the House Health and
29 Government Operations Committee, in accordance with § 2–1257 of the State Government
30 Article, on its findings and recommendations.

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.