

HOUSE BILL 814

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3lr1332
CF SB 601

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

Introduced and read first time: February 8, 2023
Assigned to: Health and Government Operations

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 6, 2023

CHAPTER _____

1 AN ACT concerning

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

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

12 BY repealing and reenacting, with amendments,
13 Article – Insurance
14 Section 31–107 and 31–122
15 Annotated Code of Maryland
16 (2017 Replacement Volume and 2022 Supplement)

17 BY repealing and reenacting, with amendments,
18 Chapter 778 of the Acts of the General Assembly of 2021
19 Section 2

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 **Article – Insurance**

4 31–107.

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

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

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

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

11 (iii) provide funding for the Medical Assistance Program and the
12 Senior Prescription Drug Assistance Program;

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

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

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

23 (c) The Exchange shall administer the Fund.

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

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

28 (e) The Fund consists of:

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

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

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

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

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

7 (6) money donated to the Fund;

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

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

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

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

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

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

19 (13) any other money from any other source accepted for the benefit of the
20 Fund.

21 (f) (1) The Fund may be used only:

22 (i) 1. for the operation and administration of the Exchange in
23 carrying out the purposes authorized under this subtitle;

24 2. for the establishment and operation of the State
25 Reinsurance Program; and

26 3. for appropriations to the Health Equity Resource
27 Community Reserve Fund under § 20–1407 of the Health – General Article;

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

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

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

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

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

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

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

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

16 (3) Funds received from the distribution of the premium tax under §
17 6–103.2 of this article shall be placed in the account for Exchange operations and may be
18 used only for the purpose of funding the operation and administration of the Exchange.

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

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

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

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

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

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

32 (i) with an appropriation from the Fund approved by the General
33 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 31–122.

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

22 (b) The Exchange, in consultation with the Commissioner and as approved by the
23 Board, shall establish and implement a State–Based Young Adult Health Insurance
24 Subsidies ~~["Pilot"]~~ Program to provide subsidies to young adults for the purchase of health
25 benefit plans in the individual health insurance market.

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

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

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

31 (d) (1) For ~~EACH~~ calendar [years 2022 and 2023] ~~YEAR~~ **YEARS 2022**
32 **THROUGH 2025**, the Exchange, in consultation with the Commissioner and as approved

1 by the Board, shall establish subsidy eligibility and payment parameters for the ~~{Pilot}~~
2 Program.

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

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

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

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

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

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

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

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

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

26 (2) The Exchange shall track:

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

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

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

- 1 (i) posted on the website of the Exchange; and
- 2 (ii) included in the annual report required under § 31–119(d) of this
- 3 subtitle.

Chapter 778 of the Acts of 2021

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
6 1, 2021. ~~It shall remain effective for a period of 5 years and, at the end of June 30, 2024~~
7 **2026**, this Act, with no further action required by the General Assembly, shall be abrogated
8 and of no further force and effect.

9 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 1,
10 2024, the Maryland Health Benefit Exchange, in consultation with the Maryland Insurance
11 Administration, shall:

- 12 (1) conduct a study of:
 - 13 (i) available federal and State subsidies;
 - 14 (ii) the State’s § 1332 waiver and whether it should be amended to
15 include young adults or otherwise to maximize federal pass-through funds and impact the
16 largest number of individuals so as to reduce the State’s uninsured rate; and
 - 17 (iii) the number of individuals who signed up for health insurance
18 through the Exchange because of the young adult subsidy; and
- 19 (2) report to the Senate Finance Committee and the House Health and
20 Government Operations Committee, in accordance with § 2–1257 of the State Government
21 Article, on its findings and recommendations.

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.