

# HOUSE BILL 780

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CF 1r2890

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By: **Delegate Kerr**

Introduced and read first time: January 29, 2021

Assigned to: Health and Government Operations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Health Benefit Exchange – State–Based Young Adult Health**  
3 **Insurance Subsidies Pilot Program**

4 FOR the purpose of altering the purpose of the Maryland Health Benefit Exchange Fund  
5 to include the provision of funding for the establishment and operation of the  
6 State–Based Young Adult Health Insurance Subsidies Pilot Program; providing that  
7 the operation and administration of the Pilot Program may include certain functions  
8 delegated to certain third parties; altering the contents of the Fund; altering the  
9 purposes for which the Fund may be used; requiring the Board of Trustees of the  
10 Maryland Health Benefit Exchange to maintain a separate account within the Fund  
11 for the Pilot Program; clarifying that certain funds received from the federal  
12 government under a certain waiver may be used only for the purposes of funding the  
13 State Reinsurance Program; requiring the Exchange, in consultation with the  
14 Maryland Insurance Commissioner and as approved by the Board, to establish and  
15 implement a Pilot Program to provide subsidies to young adults for the purchase of  
16 health benefit plans in the individual health insurance market; requiring that the  
17 Pilot Program be designed to reduce the amount that young adults pay for certain  
18 health benefit plans and target certain young adults; requiring the Exchange, in  
19 consultation with the Commissioner and as approved by the Board, to establish  
20 subsidy eligibility and payment parameters for the Pilot Program for certain years;  
21 requiring the Exchange to consider certain factors in determining certain  
22 parameters; requiring the Governor to designate, in certain fiscal years, certain  
23 funds to be used for the Pilot Program for a certain purpose; requiring the Exchange  
24 to adopt certain regulations on or before a certain date; requiring the Exchange to  
25 track certain information on a certain basis, post the information on a certain  
26 website, and include the information in a certain report; defining a certain term;  
27 providing for the termination of this Act; and generally relating to the Maryland  
28 Health Benefit Exchange and the State–Based Young Adult Health Insurance  
29 Subsidies Pilot Program.

30 BY repealing and reenacting, with amendments,

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Insurance  
 2 Section 31–107  
 3 Annotated Code of Maryland  
 4 (2017 Replacement Volume and 2020 Supplement)

5 BY adding to  
 6 Article – Insurance  
 7 Section 31–122  
 8 Annotated Code of Maryland  
 9 (2017 Replacement Volume and 2020 Supplement)

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

12 **Article – Insurance**

13 31–107.

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

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

16 (i) provide funding for the operation and administration of the  
 17 Exchange in carrying out the purposes of the Exchange under this subtitle; [and]

18 (ii) provide funding for the establishment and operation of the State  
 19 Reinsurance Program authorized under this subtitle; **AND**

20 **(III) PROVIDE FUNDING FOR THE ESTABLISHMENT AND**  
 21 **OPERATION OF THE STATE–BASED YOUNG ADULT HEALTH INSURANCE SUBSIDIES**  
 22 **PILOT PROGRAM AUTHORIZED UNDER THIS SUBTITLE.**

23 (2) The operation and administration of the Exchange [and], the State  
 24 Reinsurance Program, **AND THE STATE–BASED YOUNG ADULT HEALTH INSURANCE**  
 25 **SUBSIDIES PILOT PROGRAM** may include functions delegated by the Exchange to a third  
 26 party under law or by contract.

27 (c) The Exchange shall administer the Fund.

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

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

32 (e) The Fund consists of:

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

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

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

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

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

8 (6) money donated to the Fund;

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

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

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

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

16 **(11) ANY FUNDS DESIGNATED BY THE STATE TO PROVIDE**  
17 **STATE-BASED HEALTH INSURANCE SUBSIDIES TO YOUNG ADULTS IN THE STATE;**

18 ~~[(11)]~~ **(12)** any federal funds received in accordance with § 31–121 of this  
19 subtitle for the administration of small business tax credits; and

20 ~~[(12)]~~ **(13)** any other money from any other source accepted for the benefit  
21 of the Fund.

22 (f) The Fund may be used only:

23 (1) for the operation and administration of the Exchange in carrying out  
24 the purposes authorized under this subtitle; [and]

25 (2) for the establishment and operation of the State Reinsurance Program;

26 **AND**

27 **(3) FOR THE ESTABLISHMENT AND OPERATION OF THE**  
28 **STATE-BASED YOUNG ADULT HEALTH INSURANCE SUBSIDIES PILOT PROGRAM.**

1 (g) (1) The Board shall maintain separate accounts within the Fund for  
2 Exchange operations [and], for the State Reinsurance Program, **AND FOR THE**  
3 **STATE-BASED YOUNG ADULT HEALTH INSURANCE SUBSIDIES PILOT PROGRAM.**

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

6 (3) Funds received from the distribution of the premium tax under §  
7 6–103.2 of this article shall be placed in the account for Exchange operations and may be  
8 used only for the purpose of funding the operation and administration of the Exchange.

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

11 (i) any pass-through funds received from the federal government  
12 under a waiver approved under § 1332 of the Affordable Care Act **TO PROVIDE**  
13 **REINSURANCE TO CARRIERS THAT OFFER INDIVIDUAL HEALTH BENEFIT PLANS IN**  
14 **THE STATE;**

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

17 (iii) any funds designated by the State to provide reinsurance to  
18 carriers that offer individual health benefit plans in the State.

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

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

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

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

31 (3) If operating expenses of the Exchange may be charged to either State  
32 or non-State fund sources, the non-State funds shall be charged before State funds are  
33 charged.

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

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

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

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

6 **31-122.**

7 (A) IN THIS SECTION, "PILOT PROGRAM" MEANS THE STATE-BASED  
8 YOUNG ADULT HEALTH INSURANCE SUBSIDIES PILOT PROGRAM.

9 (B) THE EXCHANGE, IN CONSULTATION WITH THE COMMISSIONER AND AS  
10 APPROVED BY THE BOARD, SHALL ESTABLISH AND IMPLEMENT A  
11 STATE-BASED YOUNG ADULT HEALTH INSURANCE SUBSIDIES PILOT PROGRAM TO  
12 PROVIDE SUBSIDIES TO YOUNG ADULTS FOR THE PURCHASE OF HEALTH BENEFIT  
13 PLANS IN THE INDIVIDUAL HEALTH INSURANCE MARKET.

14 (C) THE PILOT PROGRAM REQUIRED UNDER THIS SECTION SHALL BE  
15 DESIGNED TO:

16 (1) REDUCE THE AMOUNT THAT YOUNG ADULTS PAY FOR HEALTH  
17 BENEFIT PLANS IN THE INDIVIDUAL HEALTH INSURANCE MARKET; AND

18 (2) TARGET YOUNG ADULTS WHO ARE NOT DIRECTLY IMPACTED BY  
19 THE STATE REINSURANCE PROGRAM.

20 (D) (1) FOR CALENDAR YEARS 2022 AND 2023, THE EXCHANGE, IN  
21 CONSULTATION WITH THE COMMISSIONER AND AS APPROVED BY THE BOARD,  
22 SHALL ESTABLISH SUBSIDY ELIGIBILITY AND PAYMENT PARAMETERS FOR THE  
23 PILOT PROGRAM.

24 (2) IN DETERMINING THE SUBSIDY ELIGIBILITY AND PAYMENT  
25 PARAMETERS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE  
26 EXCHANGE SHALL CONSIDER:

27 (I) YOUNG ADULTS AT LEAST 18 YEARS OLD AND UNDER THE  
28 AGE OF 41 YEARS; AND

29 (II) INCOME GROUPS BETWEEN 133% AND 140% OF THE  
30 FEDERAL POVERTY LEVEL.

1           **(E) IN EACH OF FISCAL YEARS 2022 THROUGH 2024, THE GOVERNOR SHALL**  
2 **DESIGNATE FUNDS FROM THE FUND TO BE USED FOR THE PILOT PROGRAM SO THAT**  
3 **\$10,000,000 IN ANNUAL SUBSIDIES MAY BE PROVIDED TO YOUNG ADULTS WHO MEET**  
4 **THE SUBSIDY ELIGIBILITY AND PAYMENT PARAMETERS ESTABLISHED UNDER**  
5 **SUBSECTION (D) OF THIS SECTION IN CALENDAR YEARS 2022 AND 2023.**

6           **(F) ON OR BEFORE JANUARY 1, 2022, THE EXCHANGE SHALL ADOPT**  
7 **REGULATIONS IMPLEMENTING THE PROVISIONS OF THIS SECTION.**

8           **(G) (1) THE EXCHANGE SHALL TRACK ON A MONTHLY BASIS**  
9 **EXPENDITURES ON SUBSIDIES PROVIDED UNDER THE PILOT PROGRAM,**  
10 **INCLUDING:**

11                       **(I) THE AVERAGE NUMBER OF YOUNG ADULTS RECEIVING**  
12 **SUBSIDIES UNDER THE PILOT PROGRAM; AND**

13                       **(II) THE AVERAGE SUBSIDY AMOUNT RECEIVED BY YOUNG**  
14 **ADULTS UNDER THE PILOT PROGRAM.**

15                       **(2) THE EXCHANGE SHALL TRACK THE IMPACT THE PILOT PROGRAM**  
16 **HAS ON RATES IN THE INDIVIDUAL INSURANCE MARKET.**

17                       **(3) THE INFORMATION TRACKED BY THE EXCHANGE UNDER**  
18 **PARAGRAPHS (1) AND (2) OF THIS SUBSECTION SHALL BE:**

19                               **(I) POSTED ON THE WEBSITE OF THE EXCHANGE; AND**

20                               **(II) INCLUDED IN THE ANNUAL REPORT REQUIRED UNDER §**  
21 **31-119(D) OF THIS SUBTITLE.**

22           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
23 1, 2021. It shall remain effective for a period of 3 years and, at the end of June 30, 2024,  
24 this Act, with no further action required by the General Assembly, shall be abrogated and  
25 of no further force and effect.