

Bill No. 5-15
Concerning: Contracts and Procurement
 - Health Insurance Preference
Revised: September 17, 2015 Draft No. 5
Introduced: February 3, 2015
Enacted: September 15, 2015
Executive: September 24, 2015
Effective: July 1, 2016
Sunset Date: None
Ch. 43, Laws of Mont. Co. 2015

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmember Navarro

AN ACT to:

- (1) create a preference in the procurement of services by the County for a small business that provides health insurance for its employees;
- (2) require the County Executive to adopt a regulation implementing the preference for a small business that provides health insurance for its employees; and
- (2) generally amend the law governing the County's procurement of services.

By adding

Montgomery County Code
Chapter 11B, Contracts and Procurement
Article XVII
Section 11B-77

Boldface

Underlining

[Single boldface brackets]

Double underlining

[[Double boldface brackets]]

* * *

Heading or defined term.

Added to existing law by original bill.

Deleted from existing law by original bill.

Added by amendment.

Deleted from existing law or the bill by amendment.

Existing law unaffected by bill.

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Article XVII is added to Chapter 11B as follows:**

2 **Article XVII. Preference for a Small Business With Health Insurance.**

3 **11B-77. Preference for a Small Business With Health Insurance.**

4 (a) Definitions. In this Article the following terms have the following
5 meanings:

6 [[Business With Health Insurance means a business that provides health
7 insurance for each employee who provides services to the County under
8 a contract.]]

9 Certified Small Business With Health Insurance means a business
10 certified by the Director as meeting the standards established by
11 regulation for a Small Business With Health Insurance.

12 Contract means a contract for procurement services subject to the Wage
13 Requirements Law in Section 11B-33A.

14 Director means the Director of the Department of Health and Human
15 Services or the Director's designee.

16 Health insurance means insurance coverage [[that is part of an employer
17 benefit package]] that pays for medical expenses incurred by an employee
18 and an employee's family either by reimbursing the employee or by
19 paying the care provider directly and provides the minimum essential
20 health benefits required under the Patient Protection and Affordable Care
21 Act, 26 U.S.C. §5000A, as amended.

22 Health insurance evaluation factor means an evaluation factor in a
23 request for proposals that gives an offeror credit for being a certified
24 Business With Health Insurance.

25 Percentage price preference means the percent by which a responsive bid
26 from a responsible bidder who is a certified Business With Health

Insurance may exceed the lowest responsive bid submitted by a responsible bidder who is not a certified Business With Health Insurance.

Small Business With Health Insurance means a business that:

- (1) has 50 or fewer full-time equivalent employees; and
- (2) provides an employer benefit package that includes health insurance for each employee who provides services to the County under a contract; or
- (3) demonstrates that each employee who provides services to the County has health insurance from another source.

(b) Regulation. The County Executive must adopt a regulation under Method 2 that [[includes]] establishes:

- (1) an application process for a business to be certified as a Small Business With Health Insurance;
- (2) standards for a business to meet to be certified as a Small Business With Health Insurance;
- (3) the amount of a percentage price preference for a Small Business With Health Insurance under a solicitation for competitive sealed bidding; and
- (4) a Small Business With Health Insurance evaluation factor for use in a request for proposals.

(c) Certification. The Director must certify a business that meets the standards established by regulation as a Small Business With Health Insurance. A false statement on an application for certification is a Class A violation.

(d) Role of Office of Procurement and Department of Health and Human Services.

(1) The Office of Procurement must review all specifications of each using department [[and each cooperative purchasing agreement]] to assure compliance with this Section, appropriate use of a percentage price preference or an evaluation factor, and consistency among using departments procuring similar services.

(2) The Department of Health and Human Services must:

(A) operate the certification process;

(B) permit pre-certification as a Small Business With Health Insurance; and

(C) maintain a list of businesses that have been certified as a Small Business With Health Insurance.

(e) Denial or revocation of certification. The Director may refuse to certify a business under this Section, and may suspend or revoke a certification issued under this Section, after a hearing for which reasonable notice has been given, if the business or applicant does not meet the standards for certification as a Small Business With Health Insurance.

(f) Notice and opportunity for hearing.

(1) Notice. After finding that one or more grounds for denial, suspension, or revocation of a certification could exist, the Director may serve a written notice on the business or applicant in person or by regular mail, postage prepaid, addressed to the person's last known address as maintained in the Director's file. Service on that person by mail is effective 3 days after mailing. The written notice must, at a minimum:

(A) state that the Director has found that the business or applicant may be subject to denial, suspension, or revocation of the certification;

(B) identify the specific grounds for the Director's findings; and
 (C) set a date for a hearing on denial of the application or
suspension or revocation of the certification.

(2) Hearing. The Director or a designee may conduct the hearing. At
the hearing, the business or applicant may present evidence and
witnesses to refute the grounds cited by the Director for denying
the application or suspending or revoking the certification, and the
County and any other person may submit relevant evidence. The
relevant records of the [[Department]] Office are part of the
hearing record. The person conducting the hearing must render a
decision in writing, giving the reasons for the decision. That
decision is final, subject to judicial review under the Maryland
Rules for review of administrative decisions in the Circuit Court
and the Court of Special Appeals.

(3) Failure to appear. A business or applicant who after notice does
not appear at a hearing waives the right to a hearing and consents
to the action that the Director proposed in the notice. The Director
may deny the application or suspend or revoke the certification as
proposed in the notice.

(g) Appeals. Any person aggrieved by the denial, suspension, or revocation
of any certification under this Section may seek judicial review under the
Maryland Rules for review of administrative decisions in the Circuit
Court and the Court of Special Appeals.

(h) Report by Office of Procurement. The Director of the Office of
Procurement, after consulting with the Director of Health and Human
Services, must submit a report to the County Council and County

106 Executive by September 30 each year after implementation of this
107 Section for the prior fiscal year. The report should include:

- 108 (1) the dollar value of services purchased from a certified Small
109 Business With Health Insurance;
- 110 (2) the dollar value of services purchased from a business that is not a
111 certified Small Business With Health Insurance;
- 112 (3) to the extent ascertainable, the additional cost of any contracts
113 awarded to a certified Small Business With Health Insurance under
114 a percentage price preference;
- 115 (4) a summary of applications for certification as a Small Business
116 With Health Insurance made during the year, including the results
117 of each application;
- 118 (5) a list of certified Small Businesses With Health Insurance;
- 119 (6) suggested legislative or administrative changes; and
- 120 (7) any other relevant information.

121 **Sec. 2. Effective Date.**

122 This Act takes effect on July 1, 2016 and applies to any solicitation issued on
123 or after July 1, 2016.

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125 *Approved:*

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9/15/2015

George Leventhal, President, County Council

Date

127 *Approved:*

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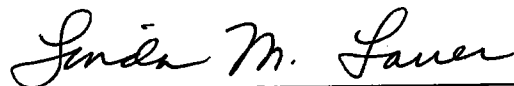
9/24/2015

Isiah Leggett, County Executive

Date

129 *This is a correct copy of Council action.*

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9/25/15

Linda M. Lauer, Clerk of the Council

Date