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**By: Delegates Redmer, Love, and Ports**

Introduced and read first time: February 2, 1996

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Small Group Market Reform - Small Employer - Coverage for One Eligible Employee**

3 FOR the purpose of altering the Maryland Health Care and Insurance Reform Act of  
4 1993 to allow certain small employers to provide health insurance benefits under the  
5 Act to only one eligible employee under certain circumstances.

6 BY repealing and reenacting, without amendments,  
7 Article 48A - Insurance Code  
8 Section 698(a)  
9 Annotated Code of Maryland  
10 (1994 Replacement Volume and 1995 Supplement)

11 BY repealing and reenacting, without amendments,  
12 Article 48A - Insurance Code  
13 Section 698(g)  
14 Annotated Code of Maryland  
15 (1994 Replacement Volume and 1995 Supplement)  
16 (As enacted by Chapter 9, Section 2 of the Acts of the General Assembly of 1993)

17 BY repealing and reenacting, with amendments,  
18 Article 48A - Insurance Code  
19 Section 698(q)  
20 Annotated Code of Maryland  
21 (1994 Replacement Volume and 1995 Supplement)  
22 (As enacted by Chapter 9, Section 2 of the Acts of the General Assembly of 1993)

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

25 **Article 48A - Insurance Code**

26 698.

27 (a) In this subtitle the following words have the meanings indicated.

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1 (g) (1) "Eligible employee" means an employee who works on a full-time basis  
2 and has a normal workweek of 30 or more hours.

3 (2) "Eligible employee" includes:

4 (i) A sole proprietor, a self-employed individual, a partner of a  
5 partnership, and an independent contractor who is included as an employee under a  
6 health benefit plan under this subtitle; and

7 (ii) A sole employee of a nonprofit organization, which has been  
8 determined by the Internal Revenue Service to be exempt from taxation under §  
9 501(c)(3), (4), or (6) of the Internal Revenue Code, who has a normal workweek of 20 or  
10 more hours and is not covered under a public or private health insurance plan or other  
11 health benefit arrangement.

12 (3) "Eligible employee" does not include an individual who works on a  
13 temporary or substitute basis or for fewer than 30 hours in a workweek.

14 (q) (1) "Small employer" means:

15 (i) Any person, sole proprietor, firm, corporation, partnership, or  
16 association actively engaged in business if:

17 1. On at least 50 percent of its working days during the  
18 preceding calendar year, employed at least two but no more than 50 eligible employees;  
19 and

20 2. The majority of the individuals described under item 1 of this  
21 subparagraph are employed within the State; or

22 (ii) Any self-employed individual who:

23 1. Is an individual or sole proprietor who derives a substantial  
24 portion of the individual's income from a trade or business through which the individual  
25 or sole proprietor has attempted to earn taxable income and for which the individual has  
26 filed the appropriate Internal Revenue Form 1040, Schedule C or F, for the previous  
27 taxable year, a copy of which shall be filed with the carrier as proof of employment; or

28 2. Is an individual engaged in a licensed profession through a  
29 professional corporation organized in accordance with Title 5, Subtitle 1 of the  
30 Corporations and Associations Article and who received health benefits through a  
31 professional association prior to July 1, 1994.

32 (2) "Small employer" includes:

33 (i) If the requirements of paragraph (1)(i) 1 and 2 of this subsection  
34 are satisfied, a local government body of:

35 1. A charter county established under Article 25A of the Code;

36 2. A code county established under Article 25B of the Code;

37 3. A board of county commissioners established or operating  
38 under Article 25 of the Code; and



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1 (II) ONLY ONE ELIGIBLE EMPLOYEE OF THE SMALL EMPLOYER IS  
2 NOT COVERED UNDER ANY PUBLIC OR PRIVATE HEALTH BENEFIT PLAN OR OTHER  
3 HEALTH BENEFIT ARRANGEMENT.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
5 October 1, 1996.