

(PRE-FILED)

By: ~~Senator Boozer~~ Senators Boozer and Teitelbaum

Requested: October 31, 1996

Introduced and read first time: January 8, 1997

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 21, 1997

CHAPTER ____

1 AN ACT concerning

2 Small Employer Group Health Insurance - ~~Qualifications of Small Employer~~ - Definition

3 FOR the purpose of broadening the group of self-employed individuals or sole
 4 proprietorships that qualify as small employers for the purpose of eligibility under
 5 the Maryland Health Insurance Reform Act under certain circumstances;
 6 authorizing certain persons to request documentation from certain persons for a
 7 certain purpose; providing for the effective dates of this Act; providing for the
 8 application of this Act; and generally relating to small employer group health
 9 insurance.

10 BY repealing and reenacting, with amendments,11 Article 48A - Insurance Code12 Section 698(q)(1)13 Annotated Code of Maryland14 (1994 Replacement Volume and 1996 Supplement)15 BY adding to16 Article 48A - Insurance Code17 Section 698(q)(9)18 Annotated Code of Maryland19 (1994 Replacement Volume and 1996 Supplement)20 BY adding to21 Article - Insurance22 Section 15-1203(b)(4)23 Annotated Code of Maryland

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1 (1995 Volume and 1996 Supplement)
2 (As enacted by Chapter _____ (H.B. 11) of the Acts of the General Assembly of
3 1997)

4 BY repealing and reenacting, with amendments,
5 Article - Insurance
6 Section 15-1203(c)
7 Annotated Code of Maryland
8 (1995 Volume and 1996 Supplement)
9 (As enacted by Chapter _____ (H.B. 11) of the Acts of the General Assembly of
10 1997)

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

13 **Article 48A - Insurance Code**

14 698.

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

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

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

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

23 (ii) Any self-employed individual who:

24 1. [Is] A. LIVES, WORKS, OR RESIDES IN THIS STATE; AND

25 B. IS an individual or sole proprietor [who derives] OR IS
26 ORGANIZED IN ANY OTHER LEGALLY RECOGNIZED MANNER THAT A
27 SELF-EMPLOYED INDIVIDUAL MAY ORGANIZE SUCH THAT a substantial portion of
28 the individual's income IS DERIVED from a trade or business through which the
29 individual or sole proprietor has attempted to earn taxable income and for which the
30 individual has filed the appropriate Internal Revenue [Form 1040, Schedule C or F,]
31 FORM OR FORMS AND SCHEDULE for the previous taxable year, a copy of which shall be
32 filed with the carrier [as proof of employment]; or

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

37 (9) A CARRIER MAY REQUEST DOCUMENTATION FROM A PERSON TO
38 VERIFY THAT THE PERSON SATISFIES THE CRITERIA UNDER PARAGRAPH (1)(I).

3

1 ~~(2)(I), (4), (5), (6), OR (7) OF THIS SUBSECTION TO BE CONSIDERED A SMALL~~
 2 ~~EMPLOYER UNDER THIS SUBTITLE.~~

3 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 4 read as follows:

5 **Article - Insurance**

6 15-1203.

7 ~~(b) (4) A CARRIER MAY REQUEST DOCUMENTATION TO VERIFY THAT A~~
 8 ~~PERSON MEETS THE CRITERIA UNDER THIS SUBSECTION TO BE CONSIDERED A~~
 9 ~~SMALL EMPLOYER UNDER THIS SUBTITLE.~~

10 (c) An individual is considered a small employer under this subtitle if the
 11 individual;

12 (1) LIVES, WORKS, OR RESIDES IN THE STATE; AND

13 (2) is a self-employed individual ~~OR~~ ORGANIZED AS A sole proprietorship
 14 OR IN ANY OTHER LEGALLY RECOGNIZED MANNER THAT A SELF-EMPLOYED
 15 INDIVIDUAL MAY ORGANIZE;

16 ~~(1)~~ (I) a substantial part of whose income derives from a trade or business
 17 through which the individual has attempted to earn taxable income;

18 ~~(2)~~ (II) who has filed the appropriate Internal Revenue ~~Form 1040,~~
 19 ~~Schedule [C or F,] C, E, OR F, FORM~~ for the previous taxable year; and

20 ~~(3)~~ (III) for whom a copy of the APPROPRIATE Internal Revenue form OR
 21 FORMS AND SCHEDULE has been filed with the carrier ~~as proof of employment.~~

22 SECTION 3. AND BE IT FURTHER ENACTED, That, notwithstanding the
 23 provisions of Section 1 of this Act and Article 48A, § 698A of the Code, Article 48A,
 24 Subtitle 55 of the Code does not apply to the renewal of any health benefit plan that was
 25 issued prior to June 1, 1997 to a self-employed individual by an authorized insurer that
 26 does not have any health benefit plan in force on or after June 1, 1997 that provides
 27 coverage to a small employer (as that term is defined in Section 2 of Chapter 9 of the Acts
 28 of the General Assembly of 1993), and any renewal of such plan is not a renewal of a
 29 health benefit plan providing coverage to a small employer for any purpose under Article
 30 48A, Subtitle 55 of the Code.

31 SECTION 4. AND BE IT FURTHER ENACTED, That, notwithstanding the
 32 provisions of Section 2 of this Act and § 15-1202 of the Insurance Article, Title 15,
 33 Subtitle 12 of the Insurance Article does not apply to the renewal of any health benefit
 34 plan that was issued prior to October 1, 1997 to a self-employed individual by an
 35 authorized insurer that does not have any health benefit plan in force on or after October
 36 1, 1997 that provides coverage to a small employer (as that term is defined in Section 2 of
 37 Chapter 9 of the Acts of the General Assembly of 1993 and revised and reenacted under
 38 Chapter (H.B. 11) of the Acts of the General Assembly of 1997), and any renewal of
 39 such plan is not a renewal of a health benefit plan providing coverage to a small employer
 40 for any purpose under Title 15, Subtitle 12 of the Insurance Article.

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1 SECTION ~~2- 5.~~ AND BE IT FURTHER ENACTED, That Sections 1 and 3 of
2 this Act shall take effect ~~October~~ June 1, 1997.

3 SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in
4 Section 5 of this Act, this Act shall take effect October 1, 1997.