
By: Delegate Redmer

Introduced and read first time: February 2, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Small Group Market - Rate Adjustments**

3 FOR the purpose of delaying certain changes in the allowed adjustment for a community
4 rate applicable to the comprehensive standard health benefit plan.

5 BY repealing and reenacting, with amendments,
6 Article 48A - Insurance Code
7 Section 702
8 Annotated Code of Maryland
9 (1994 Replacement Volume and 1995 Supplement)

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

12 **Article 48A - Insurance Code**

13 702.

14 (a) (1) In establishing a community rate for a health benefit plan, a carrier shall
15 use a rating methodology that is based on the experience of the entire pool of risks
16 covered by that plan without regard to health status or occupation or any other factor not
17 specifically authorized under this subsection.

18 (2) A carrier may only adjust the community rate for:

19 (i) Age; and

20 (ii) Geography based on the following contiguous areas of the State:

21 1. Baltimore metropolitan area;

22 2. The District of Columbia metropolitan area;

23 3. Western Maryland; and

24 4. Eastern and Southern Maryland.

25 (3) Rates for a health benefit plan may vary based on family composition as
26 approved by the Commissioner.

1 (b) (1) Based on the adjustments allowed under subsection (a)(2) of this
2 section, a carrier may charge a rate that is:

3 (i) 50% above or below the community rate for any health benefit
4 plan issued, delivered, or renewed between July 1, 1994 and June 30, 1995;

5 (ii) 40% above or below the community rate for any health benefit
6 plan issued, delivered, or renewed between July 1, 1995 and [June 30, 1996] JUNE 30,
7 1997;

8 (iii) 33% above or below the community rate for all healthbenefit
9 plans issued, delivered, or renewed between [July 1, 1996] JULY 1, 1997and [June 30,
10 1997] JUNE 30, 1998; and

11 (iv) 16% above or below the community rate for all health benefit
12 plans issued, delivered, or renewed after [July 1, 1997] JULY 1, 1998.

13 (2) On or before October 1, 1998, the Commissioner shall submita report to
14 the Governor and, in accordance with § 2-1312 of the State Government Article, the
15 General Assembly, on the feasibility and desirability of establishing apure community
16 rate or maintaining an adjusted community rate.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 June 30, 1996.