
By: Delegate Busch

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 - Rates**

3 FOR the purpose of eliminating a certain charge in allowable rate adjustments in the
4 comprehensive standard health benefit plan; altering the content of a certain report
5 to be prepared by the Insurance Commissioner and the Health Care Access and
6 Cost Commission; and altering the date on which the report is due.

7 BY repealing and reenacting, with amendments,
8 Article 48A - Insurance Code
9 Section 702
10 Annotated Code of Maryland
11 (1994 Replacement Volume and 1995 Supplement)

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

14 **Article 48A - Insurance Code**

15 702.

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

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

21 (i) Age; and

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

23 1. Baltimore metropolitan area;

24 2. The District of Columbia metropolitan area;

25 3. Western Maryland; and

26 4. Eastern and Southern Maryland.

2

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

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

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

7 (ii) 40% above or below the community rate for any health benefit
8 plan issued, delivered, or renewed between July 1, 1995 and June 30, 1996; AND

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

11 (iv) 16% above or below the community rate for all health benefit
12 plans issued, delivered, or renewed after July 1, 1997] AFTER JULY 1, 1996.

13 (2) On or before October 1, [1998] 2000, the Commissioner, IN
14 CONJUNCTION WITH THE HEALTH CARE ACCESS AND COST COMMISSION, shall
15 submit a report to the Governor and, in accordance with § 2-1312 of theState
16 Government Article, the General Assembly, on the feasibility and desirability of
17 [establishing a pure community rate or maintaining an adjusted community rate]
18 ALLOWING CARRIERS TO CHARGE RATES THAT ARE LESS THAN 33% ABOVE OR
19 BELOW THE COMMUNITY RATE FOR HEALTH BENEFIT PLANS.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 July 1, 1996.