
By: ~~Delegate Busch~~ Delegates Busch, Redmer, Kach, McClenahan, Donoghue, Eckardt, Goldwater, Barve, Mossburg, Exum, Harrison, Kirk, Cummings, Crumlin, Frank, Pendergrass, Schade, Boston, Love, V. Mitchell, Kelly, Krysiak, and Walkup

Introduced and read first time: February 2, 1996

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 13, 1996

CHAPTER _____

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 clarifying the date when certain provisions of the Maryland~~
7 ~~Health Insurance Reform Act are applicable to certain self-employed individuals~~
8 clarifying the applicability of the Maryland Health Insurance Reform Act to the
9 renewal of certain health benefit plans issued by certain insurers; altering the date
10 on which the report is due; and generally relating to health insurance in the small
11 employer market.

12 BY repealing and reenacting, with amendments,
13 Article 48A - Insurance Code
14 Section 702
15 Annotated Code of Maryland
16 (1994 Replacement Volume and 1995 Supplement)

17 BY repealing and reenacting, with amendments,
18 Chapter 501 of the Acts of the General Assembly of 1995
19 Section 4

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

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1 **Article 48A - Insurance Code**

2 702.

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

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

8 (i) Age; and

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

- 10 1. Baltimore metropolitan area;
- 11 2. The District of Columbia metropolitan area;
- 12 3. Western Maryland; and
- 13 4. Eastern and Southern Maryland.

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

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

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

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

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

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

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

33 **Chapter 501 of the Acts of 1995**

34 **SECTION 4. AND BE IT FURTHER ENACTED, That, notwithstanding the**
35 **provisions of Section 2 of this Act and Article 48A, § 698A of the Code, Article 48A,**
36 **Subtitle 55 of the Code does not apply to the renewal of any health benefit plan that was**
37 **issued prior to [the effective date of Section 2 of this Act] JULY 1, 1996 to a**

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1 self-employed individual by an authorized insurer that does not have any health benefit
2 plan in force on or after [the effective date of this Act] JULY 1, 1996that provides
3 coverage to a small employer (as that term is defined in Section 2 of Chapter 9 of the
4 Laws of Maryland of 1993) and any renewal of such a plan is not a renewal of a health
5 benefit plan providing coverage to a small employer for any purpose under Article 48A,
6 Subtitle 55 of the Code.

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