SENATE BILL 496

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CF 6lr2049

1996 Regular Session 6lr2509

By: Senators Dorman and Trotter Introduced and read first time: February 2, 1996 Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 Small Group Market Reform - Small Employer - Public Entities

3 FOR the purpose of altering the Maryland Health Care and Insurance Reform Act of

- 4 1993 to specify that the Act does not include certain small employers that are public
- 5 entities whose employees are covered under a certain other health benefit plan.

6 BY repealing and reenacting, without amendments,

- Article 48A Insurance Code 7
- 8 Section 698(a)
- 9 Annotated Code of Maryland
- (1994 Replacement Volume and 1995 Supplement) 10

11 BY repealing and reenacting, with amendments,

- 12 Article 48A - Insurance Code
- 13 Section 698(q)
- 14 Annotated Code of Maryland
- 15 (1994 Replacement Volume and 1995 Supplement)
- (As enacted by Chapter 9, Section 2 of the Acts of the General Assembly of 1993) 16

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 17

18 MARYLAND, That the Laws of Maryland read as follows:

Article 48A - Insurance Code 19

20 698.

- 21 (a) In this subtitle the following words have the meanings indicated.
- 22 (q) (1) "Small employer" means:
- (i) Any person, sole proprietor, firm, corporation, partnership, or 23 24 association actively engaged in business if:
- 25 1. On at least 50 percent of its working days during the 26 preceding calendar year, employed at least two but no more than 50 eligible employees; 27 and

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1 2	2. The majority of the individuals described under item 1 of this subparagraph are employed within the State; or
3	(ii) Any self-employed individual who:
6 7	1. Is an individual or sole proprietor who derives a substantial portion of the individual's income from a trade or business through which the individual or sole proprietor has attempted to earn taxable income and for which the individual has filed the appropriate Internal Revenue Form 1040, Schedule C or F, for the previous taxable year, a copy of which shall be filed with the carrier as proof of employment; or
11	2. Is an individual engaged in a licensed profession through a professional corporation organized in accordance with Title 5, Subtitle1 of the Corporations and Associations Article and who received health benefits through a professional association prior to July 1, 1994.
13	(2) "Small employer" includes:
14 15	(i) If the requirements of paragraph (1)(i)1 and 2 of this subsection are satisfied, a local government body of:
16	1. A charter county established under Article 25A of the Code;
17	2. A code county established under Article 25B of theCode;
18 19	3. A board of county commissioners established or operating under Article 25 of the Code; and
20 21	4. A municipal corporation established or operating under Article 23A of the Code; and
	(ii) A nonprofit organization, which has been determined by the Internal Revenue Service to be exempt from taxation under 501(c)(3), (4), or (6) of the Internal Revenue Code, with at least one eligible employee.
	(3) "SMALL EMPLOYER" DOES NOT INCLUDE A PUBLIC ENTITY WHOSE EMPLOYEES ARE COVERED BY A HEALTH BENEFIT PLAN OFFERED BY A POOL AUTHORIZED UNDER § 482B OF THIS ARTICLE.
	[(3)] (4) (i) A carrier may not impose a minimum participation requirement for a small employer that is greater than 75 percent of eligible employees of the small employer.
33 34 35	(ii) In applying minimum participation requirements with respect to a small employer to determine whether the applicable percentage of participation is met, a carrier may not consider eligible employees or dependents that have coverage under a public or private health insurance plan or other health benefit arrangement, including Medicare, Medicaid, and CHAMPUS, that provides benefits similar to or exceeding the benefits provided under the comprehensive standard benefit plan.
37	[(4)] (5) If the federal Employee Retirement Income Security Act is

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38 amended to exclude employee groups under a specific size, notwithstanding paragraph

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1 (1)(i) of this subsection, this subtitle shall apply to any employee group size that is 2 excluded from that federal Act.

3 [(5)] (6) In determining the number of eligible employees who meet the 4 requirements under paragraph (1)(i) of this subsection, companies which are affiliated 5 companies or which are eligible to file a consolidated federal income tax return shall be 6 considered one employer.

7 [(6)] (7) In determining the number of eligible employees who meet the 8 requirements under paragraph (1)(i) of this subsection, an employee maynot be counted 9 who:

(i) Is otherwise covered under a public or private health insuranceplan or other health benefit arrangement; or

12 (ii) Is a part-time employee.

[(7)] (8) Notwithstanding the provisions of paragraph (1)(i) of this
subsection, in otherwise satisfying the requirements of paragraph (1)(i) of this subsection,
a small employer that did not exist during the preceding calendar year shall, during its
first year, employ on at least 50 percent of its working days at least two but no more than
50 eligible employees.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect19 October 1, 1996.

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