
By: Delegates Finifter, Morhaim, Frank, and Klausmeier

Introduced and read first time: January 30, 1997

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Health Insurance Reform Act - Application to Self-Employed Individuals**

3 FOR the purpose of altering the definition of self-employment for the Maryland Health
4 Insurance Reform Act to include certain individuals who file certain appropriate
5 forms.

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

12 Preamble

13 WHEREAS, The State of Maryland has distinguished itself in the area of health
14 care-related legislation, especially relating to group medical insurance; and

15 WHEREAS, An excellent example of this legislation is Chapter 501 of the Acts of
16 the General Assembly of 1995 (H.B. 8), which among other issues, addresses the
17 insurance needs of the self-employed of our State; and

18 WHEREAS, Chapter 501 of the Acts of the General Assembly of 1995, effective
19 July 1, 1996, allows self-employed individuals to be eligible for medical insurance
20 coverage which is identical to that available to groups of 2-50 eligible employees; and

21 WHEREAS, Chapter 501 defines a self-employed individual as one who files the
22 appropriate Internal Revenue Form 1040, Schedule C or F, for the previous taxable year;
23 and

24 WHEREAS, This language excludes any self-employed individuals who operate a
25 corporation and file Forms 1120 or 1120S, and insurers are following the letter of the law
26 and refusing to accept applications from corporate self-employed individuals who file
27 Forms 1120 or 1120S; and

28 WHEREAS, Such a result is not in the spirit of the legislation; now, therefore,

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

3 **Article - Insurance**

4 15-1203.

5 (c) [An individual] A PERSON is considered a small employer under this subtitle
6 if the [individual] PERSON is a self-employed individual [or], sole proprietorship,
7 CORPORATION OWNED BY A SOLE SHAREHOLDER-EMPLOYEE, OR OTHER
8 LAWFULLY CREATED BUSINESS ENTITY OWNED BY ONE INDIVIDUAL:

9 (1) a substantial part of whose income derives from a trade or business
10 through which the [individual] PERSON has attempted to earn taxable income;

11 (2) who has filed the appropriate Internal Revenue [Form 1040, Schedule
12 C or F,] SERVICE INCOME TAX RETURN for the previous taxable year; and

13 (3) for whom a copy of the Internal Revenue form has been filed with the
14 carrier as proof of employment.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 October 1, 1997.