
By: Delegates Redmer, Eckardt, Walkup, and Ports

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Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: February 25, 1997

CHAPTER ____

1 AN ACT concerning

2 Health Insurance - Small Employer Groups - Eligibility After Downsizing

3 FOR the purpose of establishing continuing eligibility for purchase of health benefits
4 coverage under the Maryland Health Insurance Reform Act for certain employers
5 under certain circumstances; and generally relating to eligibility for participation in
6 the small employer group market.

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

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

15 Article - Insurance

16 15-1203.

17 (b) (1) A person is considered a small employer under this subtitle if the
18 person:

19 (i) is an employer that on at least 50% of its working days during the
20 preceding calendar year, employed at least two but not more than 50 eligible employees,
21 the majority of whom are employed in the State; and

22 (ii) is a person actively engaged in business or is the governing body of:

2

- 1 1. a charter home-rule county established under Article XI-A
2 of the Maryland Constitution;
- 3 2. a code home-rule county established under Article XI-F of
4 the Maryland Constitution;
- 5 3. a commission county established or operating under Article
6 25 of the Code; or
- 7 4. a municipal corporation established or operating under
8 Article XI-E of the Maryland Constitution.

9 (2) Notwithstanding paragraph (1)(i) of this subsection:

10 (i) a person is considered a small employer under this subtitle if the
11 employer did not exist during the preceding calendar year but on a least 50% of the
12 working days during its first year the employer employs at least two but not more than 50
13 eligible employees and otherwise satisfies the conditions of paragraph (1)(i) of this
14 subsection; and

15 (ii) if the Federal Employee Retirement Income Security Act
16 (ERISA) is amended to exclude employee groups under a specific size, this subtitle shall
17 apply to any employee group size that is excluded from that Act.

18 (3) In determining the group size specified under paragraph (1)(i) of this
19 subsection:

20 (i) companies that are affiliated companies or that are eligible to file
21 a consolidated federal income tax return shall be considered one employer; and

22 (ii) an employee may not be counted who is:

23 1. otherwise covered under a public or private health insurance
24 plan or other health benefit arrangement; or

25 2. a part-time employee as described in § 15-1210(a)(1)(ii) of
26 this subtitle.

27 (4) NOTWITHSTANDING PARAGRAPH (1)(I) OF THIS SUBSECTION, A
28 PERSON IS CONSIDERED TO CONTINUE TO BE A SMALL EMPLOYER UNDER THIS
29 SUBTITLE IF THE PERSON MET THE CONDITIONS OF PARAGRAPH (1)(I) AND
30 PURCHASED A HEALTH BENEFIT PLAN IN ACCORDANCE WITH THIS SUBTITLE, AND
31 SUBSEQUENTLY ELIMINATED ALL BUT ONE EMPLOYEE.

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

