

(PRE-FILED)

By: Chairman, Finance Committee (Departmental - Health and Mental Hygiene)

Requested: October 7, 1996

Introduced and read first time: January 8, 1997

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 7, 1997

CHAPTER ____

1 AN ACT concerning

2 Maryland Health Care Access and Cost Commission - Modifications and Clarifications

3 FOR the purpose of delaying the implementation of the health care practitioner payment
4 system until a certain date; ~~defining the term "self-employed" to include certain~~
5 ~~incorporated individuals for the purpose of determining eligibility for the~~
6 ~~Comprehensive Standard Health Benefit Plan; broadening the group of~~
7 ~~self-employed individuals or sole proprietorships that qualify as small employers for~~
8 ~~the purposes of eligibility under the Maryland Health Insurance Reform Act under~~
9 ~~certain circumstances; authorizing certain persons to request documentation from~~
10 ~~certain persons for a certain purpose; providing for the effective dates of this Act;~~
11 ~~providing for the application of this Act; providing for the repeal of certain~~
12 ~~abrogation dates; requiring a certain study; prohibiting implementation of the~~
13 ~~health care practitioner payment system until a certain date and under certain~~
14 ~~circumstances; and generally relating to the Maryland Health Care Access and Cost~~
15 Commission.

16 BY repealing and reenacting, without amendments,

17 Article - Health - General

18 Section 19-1501, 19-1509(a), and 19-1515

19 Annotated Code of Maryland

20 (1996 Replacement Volume and 1996 Supplement)

21 BY repealing and reenacting, with amendments,

22 Article - Health - General

23 Section 19-1509(b)

24 Annotated Code of Maryland

2

1 (1996 Replacement Volume and 1996 Supplement)

2 BY repealing and reenacting, without amendments,

3 Article 48A - Insurance Code

4 Section 490R

5 Annotated Code of Maryland

6 (1994 Replacement Volume and 1996 Supplement)

7 BY repealing and reenacting, with amendments,

8 Article 48A - Insurance Code

9 Section ~~698(q)~~ 698(q)(1)

10 Annotated Code of Maryland

11 (1994 Replacement Volume and 1996 Supplement)

12 BY adding to

13 Article 48A - Insurance Code

14 Section 698(q)(9)

15 Annotated Code of Maryland

16 (1994 Replacement Volume and 1996 Supplement)

17 BY repealing and reenacting, without amendments,

18 Article - Insurance

19 Section 15-111

20 Annotated Code of Maryland

21 (1995 Volume and 1996 Supplement)

22 (As enacted by Chapter _____ (H.B. 11) of the Acts of the General Assembly of

23 1997)

24 BY adding to

25 Article - Insurance

26 Section 15-1203(b)(4)

27 Annotated Code of Maryland

28 (1995 Volume and 1996 Supplement)

29 (As enacted by Chapter _____ (H.B. 11) of the Acts of the General Assembly of

30 1997)

31 BY repealing and reenacting, with amendments,

32 Article - Insurance

33 Section ~~15-1203~~ 15-1203(c)

34 Annotated Code of Maryland

35 (1995 Volume and 1996 Supplement)

36 (As enacted by Chapter _____ (H.B. 11) of the Acts of the General Assembly of

37 1997)

38 BY repealing and reenacting, with amendments,

3

1 Chapter 462 of the Acts of the General Assembly of 1995
2 Section 3

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

5 **Article - Health - General**

6 19-1501.

7 (a) In this subtitle the following words have the meanings indicated.

8 (b) "Commission" means the Maryland Health Care Access and Cost
9 Commission.

10 (c) "Comprehensive standard health benefit plan" means the comprehensive
11 standard health benefit plan adopted in accordance with Article 48A, § 700 of the Code.

12 (d) (1) "Health care provider" means:

13 (i) A person who is licensed, certified, or otherwise authorized under
14 the Health Occupations Article to provide health care in the ordinary course of business
15 or practice of a profession or in an approved education or training program; or

16 (ii) A facility where health care is provided to patients or recipients,
17 including a facility as defined in § 10-101(e) of this article, a hospital as defined in §
18 19-301(f) of this article, a related institution as defined in § 19-301(l) of this article, a
19 health maintenance organization as defined in § 19-701(e) of this article, an outpatient
20 clinic, and a medical laboratory.

21 (2) "Health care provider" includes the agents and employees of a facility
22 who are licensed or otherwise authorized to provide health care, the officers and directors
23 of a facility, and the agents and employees of a health care provider who are licensed or
24 otherwise authorized to provide health care.

25 (e) "Health care practitioner" means any person that provides health care
26 services and is licensed under the Health Occupations Article.

27 (f) "Health care service" means any health or medical care procedure or service
28 rendered by a health care practitioner that:

29 (1) Provides testing, diagnosis, or treatment of human disease or
30 dysfunction; or

31 (2) Dispenses drugs, medical devices, medical appliances, or medical goods
32 for the treatment of human disease or dysfunction.

33 (g) (1) "Office facility" means the office of one or more health care
34 practitioners in which health care services are provided to individuals.

35 (2) "Office facility" includes a facility that provides:

36 (i) Ambulatory surgery;

37 (ii) Radiological or diagnostic imagery; or

4

1 (iii) Laboratory services.

2 (3) "Office facility" does not include any office, facility, or service operated
3 by a hospital and regulated under Subtitle 2 of this title.

4 (h) "Payor" means:

5 (1) A health insurer or nonprofit health service plan that holds a certificate
6 of authority and provides health insurance policies or contracts in the State in accordance
7 with this article or Article 48A of the Code;

8 (2) A health maintenance organization that holds a certificate of authority
9 in the State; or

10 (3) A third party administrator as defined in Article 48A, § 490R of the
11 Code.

12 19-1509.

13 (a) (1) In this section the following words have the meanings indicated.

14 (2) "Code" means the applicable current procedural terminology (CPT)
15 code as adopted by the American Medical Association or other applicable code under an
16 appropriate uniform coding scheme approved by the Commission.

17 (3) "Payor" means:

18 (i) A health insurer or nonprofit health service plan that holds a
19 certificate of authority and provides health insurance policies or contracts in the State in
20 accordance with Article 48A of the Code or the Health - General Article;

21 (ii) A health maintenance organization that holds a certificate of
22 authority.

23 (4) "Unbundling" means the use of two or more codes by a health care
24 provider to describe a surgery or service provided to a patient when a single, more
25 comprehensive code exists that accurately describes the entire surgery or service.

26 (b) (1) By January 1, [1997] 1999, the Commission shall implement a payment
27 system for all health care practitioners in the State.

28 (2) The payment system established under this section shall include a
29 methodology for a uniform system of health care practitioner reimbursement.

30 (3) Under the payment system, reimbursement for each health care
31 practitioner shall be comprised of the following numeric factors:

32 (i) A numeric factor representing the resources of the health care
33 practitioner necessary to provide health care services;

34 (ii) A numeric factor representing the relative value of a health care
35 service, as classified by a code, compared to that of other health care services; and

36 (iii) A numeric factor representing a conversion modifier used to adjust
37 reimbursement.

5

1 (4) To prevent overpayment of claims for surgery or services, in developing
2 the payment system under this section, the Commission, to the extent practicable, shall
3 establish standards to prohibit the unbundling of codes and the use of reimbursement
4 maximization programs, commonly known as "upcoding".

5 (5) In developing the payment system under this section, the Commission
6 shall consider the underlying methodology used in the resource based relative value scale
7 established under 42 U.S.C. § 1395w-4.

8 (6) The Commission and the licensing boards shall develop, by regulation,
9 appropriate sanctions, including, where appropriate, notification to the Insurance Fraud
10 Unit of the State, for health care practitioners who violate the standards established by
11 the Commission to prohibit unbundling and upcoding.

12 19-1515.

13 (a) (1) The Commission shall assess a fee on:

14 (i) All payors; and

15 (ii) All health care practitioners.

16 (2) (i) The total fees assessed by the Commission shall be derived
17 one-third from health care practitioners and two-thirds from payors.

18 (ii) The Commission may adopt a regulation that waives the fee
19 assessed under this section for a specific class of health care practitioners.

20 (3) The total fees assessed by the Commission may not exceed \$5,000,000 in
21 any fiscal year.

22 (4) The Commission shall pay all funds collected from fees assessed in
23 accordance with this section into the Health Care Access and Cost Fund.

24 (5) The fees assessed in accordance with this section shall be used only for
25 the purposes authorized under this subtitle.

26 (b) The fees assessed in accordance with this section on health care practitioners
27 shall be:

28 (1) Included in the licensing fee paid to the Board; and

29 (2) Transferred to the Commission on a quarterly basis.

30 (c) (1) The fees assessed on payors in accordance with Article 48A, § 490R of
31 the Code shall be apportioned among each payor based on the ratio of each such payor's
32 total premiums collected in the State to the total collected premiums of all such payors in
33 the State.

34 (2) On or before June 1 of each year, the Commission shall notify the State
35 Insurance Commissioner by memorandum of the total assessment on payors for that year.

36 (d) (1) There is a Health Care Access and Cost Fund.

6

1 (2) The Fund is a special continuing, nonlapsing fund that is not subject to
2 § 7-302 of the State Finance and Procurement Article.

3 (3) The Treasurer shall separately hold, and the Comptroller shall account
4 for, the Fund.

5 (4) The Fund shall be invested and reinvested in the same manner as other
6 State funds.

7 (5) Any investment earnings shall be retained to the credit of the Fund.

8 (6) The Fund shall be subject to an audit by the Office of Legislative Audits
9 as provided for in § 2-1215 of the State Government Article.

10 (7) This section may not be construed to prohibit the Fund from receiving
11 funds from any other source.

12 (8) The Fund shall be used only to provide funding for the Commission and
13 for the purposes authorized under this subtitle.

14 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
15 read as follows:

16 **Article 48A - Insurance Code**

17 490R.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) "Health benefit plan" has the meaning stated in § 698 of this article.

20 (3) "Payor" means:

21 (i) A health insurer or nonprofit health service plan that holds a
22 certificate of authority and provides health insurance policies or contracts in this State
23 under this article;

24 (ii) A health maintenance organization that is licensed to operate in
25 the State; or

26 (iii) A third party administrator.

27 (4) "Third party administrator" means any person registered as an
28 administrator under this article.

29 (b) (1) On or before June 30 of each year, the Commissioner shall assess each
30 payor a fee for the upcoming fiscal year established in accordance with the provisions of
31 this section and § 19-1515 of the Health - General Article.

32 (2) For each fiscal year, the total assessment for all payors shall be:

33 (i) Set by a memorandum from the Maryland Health Care Access and
34 Cost Commission; and

7

1 (ii) Apportioned equitably by the Maryland Health Care Access and
 2 Cost Commission between the classes of payors described under subsection (a)(3) of this
 3 section as determined by the Maryland Health Care Access and Cost Commission.

4 (3) Of the total assessment apportioned under paragraph (2) of this
 5 subsection to payors within the meaning of subsection (a)(3)(i) and (ii) of this section, the
 6 Commissioner shall assess each such payor a fraction:

7 (i) The numerator of which is the payor's total premiums collected in
 8 the State for health benefit plans for an appropriate prior 12-month period as
 9 determined by the Commissioner; and

10 (ii) The denominator of which is the total premiums for health benefit
 11 plans of all such payors collected in the State for the same period.

12 (4) Of the total assessment apportioned under paragraph (2) of this
 13 subsection to payors within the meaning of subsection (a)(3)(iii) of this section, the
 14 Commissioner shall assess each such payor a fraction:

15 (i) The numerator of which is one; and

16 (ii) The denominator of which is the total number of such payors.

17 (5) Notwithstanding any other provisions of this subsection, the fee assessed
 18 on a third party administrator may not exceed 0.5% of the total administrative fees for
 19 health benefit plans collected in the State by the third party administrator for the
 20 previous calendar year.

21 (c) (1) Subject to paragraph (2) of this subsection, on or before September 1 of
 22 each year, each payor assessed a fee in accordance with this section shall make payment
 23 to the Commissioner.

24 (2) The Commissioner, in cooperation with the Maryland Health Care
 25 Access and Cost Commission, may make provisions for partial payments.

26 (d) The Commissioner shall distribute the fees collected under this section to the
 27 Health Care Access and Cost Fund established under § 19-1515 of the Health - General
 28 Article.

29 (e) All payors shall cooperate fully in submitting reports and claims data and
 30 providing any other information to the Maryland Health Care Access and Cost
 31 Commission in accordance with Title 19, Subtitle 15 of the Health - General Article.

32 (f) The Commissioner shall report to the Maryland Health Care Access and Cost
 33 Commission in a timely manner the names and addresses of each payor assessed and the
 34 amount of each assessment.

35 (g) In making payments for health care services, all payors shall pay in accordance
 36 with the payment system adopted under § 19-1509 of the Health - General Article.

37 ~~698.~~

38 (q) (1) ~~"Small employer" means:~~

1 (i) Any person, sole proprietor, firm, corporation, partnership, or
 2 association actively engaged in business if:

3 1. On at least 50 percent of its working days during the
 4 preceding calendar year, employed at least two but no more than 50 eligible employees;
 5 and

6 2. The majority of the individuals described under item 1 of this
 7 subparagraph are employed within the State; or

8 (ii) Any self-employed individual who:

9 1. Is an individual or sole proprietor who derives a substantial
 10 portion of the individual's income from a trade or business through which the individual
 11 or sole proprietor has attempted to earn taxable income and for which the individual has
 12 filed the appropriate Internal Revenue Form 1040, Schedule C or F, for the previous
 13 taxable year, a copy of which shall be filed with the carrier as proof of employment; [or]

14 2. Is an individual engaged in a licensed profession through a
 15 professional corporation organized in accordance with Title 5, Subtitle 1 of the
 16 Corporations and Associations Article and who received health benefits through a
 17 professional association prior to July 1, 1994; OR

18 3. IS A SOLE EMPLOYEE OF A CORPORATION WHO DERIVES
 19 A SUBSTANTIAL PORTION OF THE INDIVIDUAL'S INCOME FROM THE CORPORATION
 20 THROUGH WHICH THE INDIVIDUAL HAS ATTEMPTED TO EARN TAXABLE INCOME
 21 AND FOR WHICH THE CORPORATION HAS FILED THE APPROPRIATE INTERNAL
 22 REVENUE FORM.

23 (2) "Small employer" includes:

24 (i) If the requirements of paragraph (1)(i)1 and 2 of this subsection
 25 are satisfied, a local government body of:

26 1. A charter county established under Article 25A of the Code;

27 2. A code county established under Article 25B of the Code;

28 3. A board of county commissioners established or operating
 29 under Article 25 of the Code; and

30 4. A municipal corporation established or operating under
 31 Article 23A of the Code; and

32 (ii) A nonprofit organization, which has been determined by the
 33 Internal Revenue Service to be exempt from taxation under § 501(c)(3), (4), or (6) of the
 34 Internal Revenue Code, with at least one eligible employee.

35 (3) (i) A carrier may not impose a minimum participation requirement
 36 for a small employer that is greater than 75 percent of eligible employees of the small
 37 employer.

38 (ii) In applying minimum participation requirements with respect to a
 39 small employer to determine whether the applicable percentage of participation is met, a

9

~~1 carrier may not consider eligible employees or dependents that have coverage under a
2 public or private health insurance plan or other health benefit arrangement, including
3 Medicare, Medicaid, and CHAMPUS, that provides benefits similar to or exceeding the
4 benefits provided under the comprehensive standard benefit plan.~~

~~5 (4) If the federal Employee Retirement Income Security Act is amended to
6 exclude employee groups under a specific size, notwithstanding paragraph (1)(i) of this
7 subsection, this subtitle shall apply to any employee group size that is excluded from that
8 federal Act.~~

~~9 (5) In determining the number of eligible employees who meet the
10 requirements under paragraph (1)(i) of this subsection, companies which are affiliated
11 companies or which are eligible to file a consolidated federal income tax return shall be
12 considered one employer.~~

~~13 (6) In determining the number of eligible employees who meet the
14 requirements under paragraph (1)(i) of this subsection, an employee may not be counted
15 who:~~

~~16 (i) Is otherwise covered under a public or private health insurance
17 plan or other health benefit arrangement; or~~

~~18 (ii) Is a part-time employee.~~

~~19 (7) Notwithstanding the provisions of paragraph (1)(i) of this subsection, in
20 otherwise satisfying the requirements of paragraph (1)(i) of this subsection, a small
21 employer that did not exist during the preceding calendar year shall, during its first year,
22 employ on at least 50 percent of its working days at least two but no more than 50 eligible
23 employees.~~

~~24 (8) Notwithstanding paragraph (6)(i) of this subsection, in otherwise
25 satisfying the requirements of paragraph (1)(i) of this subsection, a small employer is
26 eligible to be offered coverage by a carrier under this subtitle if:~~

~~27 (i) All but one of the eligible employees of the small employer are
28 covered under another public or private health benefit plan or other health benefit
29 arrangement; and~~

~~30 (ii) Only one eligible employee of the small employer is not covered
31 under any public or private health benefit plan or other health benefit arrangement.~~

32 698.

33 (q) (1) "Small employer" means:

34 (i) Any person, sole proprietor, firm, corporation, partnership, or
35 association actively engaged in business if:

36 1. On at least 50 percent of its working days during the
37 preceding calendar year, employed at least two but no more than 50 eligible employees;
38 and

39 2. The majority of the individuals described under item 1 of this
40 subparagraph are employed within the State; or

10

1 (ii) Any self-employed individual who:

2 1. [Is] A. LIVES, WORKS, OR RESIDES IN THIS STATE; AND

3 B. IS an individual or sole proprietor [who derives] OR IS
4 ORGANIZED IN ANY OTHER LEGALLY RECOGNIZED MANNER THAT A
5 SELF-EMPLOYED INDIVIDUAL MAY ORGANIZE SUCH THAT a substantial portion of
6 the individual's income IS DERIVED from a trade or business through which the
7 individual or sole proprietor has attempted to earn taxable income and for which the
8 individual has filed the appropriate Internal Revenue [Form 1040, Schedule C or F,]
9 FORM OR FORMS AND SCHEDULE for the previous taxable year, a copy of which shall be
10 filed with the carrier [as proof of employment]; or

11 2. Is an individual engaged in a licensed profession through a
12 professional corporation organized in accordance with Title 5, Subtitle 1 of the
13 Corporations and Associations Article and who received health benefits through a
14 professional association prior to July 1, 1994.

15 (9) A CARRIER MAY REQUEST DOCUMENTATION FROM A PERSON TO
16 VERIFY THAT THE PERSON SATISFIES THE CRITERIA UNDER PARAGRAPH (1)(I),
17 (2)(I), (4), (5), (6), OR (7) OF THIS SUBSECTION TO BE CONSIDERED A SMALL
18 EMPLOYER UNDER THIS SUBTITLE.

19 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
20 read as follows:

21 **Article - Insurance**

22 15-111.

23 (a) (1) In this section the following words have the meanings indicated.

24 (2) "Health benefit plan" has the meaning stated in § 15-1201 of this title.

25 (3) "Payor" means:

26 (i) a health insurer or nonprofit health service plan that holds a
27 certificate of authority and provides health insurance policies or contracts in the State
28 under this article;

29 (ii) a health maintenance organization that is authorized by the
30 Commissioner to operate in the State; or

31 (iii) a third party administrator.

32 (4) "Third party administrator" means a person that is registered as an
33 administrator under this article.

34 (b) (1) On or before June 30 of each year, the Commissioner shall assess each
35 payor a fee for the next fiscal year.

36 (2) The fee shall be established in accordance with this section and §
37 19-1515 of the Health - General Article.

38 (c) (1) For each fiscal year, the total assessment for all payors shall be:

11

1 (i) set by a memorandum from the Maryland Health Care Access and
2 Cost Commission; and

3 (ii) apportioned equitably by the Maryland Health Care Access and
4 Cost Commission among the classes of payors described in subsection (a)(3) of this
5 section as determined by the Maryland Health Care Access and Cost Commission.

6 (2) Of the total assessment apportioned under paragraph (1) of this
7 subsection to payors described in subsection (a)(3)(i) and (ii) of this section, the
8 Commissioner shall assess each payor a fraction:

9 (i) the numerator of which is the payor's total premiums collected in
10 the State for health benefit plans for an appropriate prior 12-month period as
11 determined by the Commissioner; and

12 (ii) the denominator of which is the total premiums collected in the
13 State for the same period for health benefit plans of all payors described in subsection
14 (a)(3)(i) and (ii) of this section.

15 (3) Of the total assessment apportioned under paragraph (1) of this
16 subsection to payors described in subsection (a)(3)(iii) of this section, the Commissioner
17 shall assess each payor a fraction:

18 (i) the numerator of which is one; and

19 (ii) the denominator of which is the total number of all payors
20 described in subsection (a)(3)(iii) of this section.

21 (4) Notwithstanding any other provision of this subsection, the fee assessed
22 on a third party administrator may not exceed 0.5% of the total administrative fees for
23 health benefit plans collected in the State by the third party administrator for the
24 previous calendar year.

25 (d) (1) Subject to paragraph (2) of this subsection, each payor that is assessed a
26 fee under this section shall pay the fee to the Commissioner on or before September 1 of
27 each year.

28 (2) The Commissioner, in cooperation with the Maryland Health Care
29 Access and Cost Commission, may provide for partial payments.

30 (e) The Commissioner shall distribute the fees collected under this section to the
31 Health Care Access and Cost Fund established under § 19-1515 of the Health - General
32 Article.

33 (f) Each payor shall cooperate fully in submitting reports and claims data and
34 providing any other information to the Maryland Health Care Access and Cost
35 Commission in accordance with Title 19, Subtitle 15 of the Health - General Article.

36 (g) The Commissioner shall report to the Maryland Health Care Access and Cost
37 Commission in a timely manner the name and address of each payor that is assessed a fee
38 under this section and the amount of the assessment.

12

1 (h) Each payor shall pay for health care services in accordance with the payment
2 system adopted under § 19-1509 of the Health - General Article.

3 ~~15-1203.~~

4 (a) ~~A small employer under this subtitle is a person that meets the criteria
5 specified in any subsection of this section.~~

6 (b) ~~(1) A person is considered a small employer under this subtitle if the
7 person:~~

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

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

12 1. ~~a charter home rule county established under Article XI A
13 of the Maryland Constitution;~~

14 2. ~~a code home rule county established under Article XI F of
15 the Maryland Constitution;~~

16 3. ~~a commission county established or operating under Article
17 25 of the Code; or~~

18 4. ~~a municipal corporation established or operating under
19 Article XI E of the Maryland Constitution.~~

20 ~~(2) Notwithstanding paragraph (1)(i) of this subsection:~~

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

26 (ii) ~~if the federal Employee Retirement Income Security Act (ERISA)
27 is amended to exclude employee groups under a specific size, this subtitle shall apply to
28 any employee group size that is excluded from that Act.~~

29 ~~(3) In determining the group size specified under paragraph (1)(i) of this
30 subsection:~~

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

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

34 1. ~~otherwise covered under a public or private health insurance
35 plan or other health benefit arrangement; or~~

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

13

1 (c) An individual is considered a small employer under this subtitle if the
 2 individual is a self-employed individual or sole proprietorship:

3 (1) a substantial part of whose income derives from a trade or business
 4 through which the individual has attempted to earn taxable income;

5 (2) who has filed the appropriate Internal Revenue Form 1040, Schedule C
 6 or F, for the previous taxable year; and

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

9 (d) An individual is considered a small employer under this subtitle if the
 10 individual is a self-employed individual who is engaged in a licensed profession through a
 11 professional corporation organized in accordance with Title 5, Subtitle 1 of the
 12 Corporations and Associations Article and who received health benefits through a
 13 professional association on or before June 30, 1994.

14 (E) AN INDIVIDUAL IS CONSIDERED A SMALL EMPLOYER UNDER THIS
 15 SUBTITLE IF THE INDIVIDUAL IS A SELF-EMPLOYED INDIVIDUAL WHO IS A SOLE
 16 EMPLOYEE OF A CORPORATION:

17 (1) A SUBSTANTIAL PORTION OF WHOSE INCOME DERIVES FROM THE
 18 CORPORATION THROUGH WHICH THE INDIVIDUAL HAS ATTEMPTED TO EARN
 19 TAXABLE INCOME; AND

20 (2) FOR WHOM THE CORPORATION HAS FILED THE APPROPRIATE
 21 INTERNAL REVENUE FORM.

22 [(e)] (F) A person is considered a small employer under this subtitle if the person
 23 is a nonprofit organization that has been determined by the Internal Revenue Service to
 24 be exempt from taxation under § 501(c)(3), (4), or (6) of the Internal Revenue Code and
 25 has at least one eligible employee.

26 [(f)] (G) Notwithstanding subsection (b)(3)(ii)1 of this section, in otherwise
 27 satisfying the requirements of subsection (b)(1) of this section, a person is considered a
 28 small employer under this subtitle if:

29 (1) all but one of its eligible employees are covered under another public or
 30 private health benefit plan or other health benefit arrangement; and

31 (2) only one of its eligible employees is not covered under any public or
 32 private health benefit plan or other health benefit arrangement.

33 15-1203.

34 (b) (4) A CARRIER MAY REQUEST DOCUMENTATION TO VERIFY THAT A
 35 PERSON MEETS THE CRITERIA UNDER THIS SUBSECTION TO BE CONSIDERED A
 36 SMALL EMPLOYER UNDER THIS SUBTITLE.

37 (c) An individual is considered a small employer under this subtitle if the
 38 individual:

14

1 (1) LIVES, WORKS, OR RESIDES IN THE STATE; AND

2 (2) is a self-employed individual [or] ORGANIZED AS A SOLE
3 PROPRIETORSHIP OR IN ANY OTHER LEGALLY RECOGNIZED MANNER THAT A
4 SELF-EMPLOYED INDIVIDUAL MAY ORGANIZE;

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

7 [(2)] (II) who has filed the appropriate Internal Revenue [Form 1040,
8 Schedule C or F,] FORM for the previous taxable year; and

9 [(3)] (III) for whom a copy of the APPROPRIATE Internal Revenue form OR
10 FORMS AND SCHEDULE has been filed with the carrier [as proof of employment].

11 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland
12 read as follows:

13 **Chapter 462 of the Acts of 1995**

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 June 1, 1995. [It shall remain effective for a period of three years and, at the end of May
16 31, 1998, with no further action required by the General Assembly, this Act shall be
17 abrogated and of no further force and effect.]

18 SECTION 5. AND BE IT FURTHER ENACTED, That:

19 ~~(1) Due to the rapid changes the health care market is experiencing, prior to~~
20 ~~implementation, the Maryland Health Care Access and Cost Commission shall evaluate~~
21 ~~the goals of a statewide payment system and the appropriateness of the payment system~~
22 ~~mandated in § 19-1509 of the Health - General Article to achieving these goals; and~~

23 (1) Due to the rapid changes the health care market is experiencing, the
24 Maryland Health Care Access and Cost Commission shall study and make
25 recommendations on the findings that result from the study on the desirability of a
26 statewide payment system for health care practitioners;

27 (2) The study shall include an evaluation of:

28 (a) The goals of a statewide payment system;

29 (b) The appropriateness of the payment system mandated in § 19-1509
30 of the Health - General Article to achieving these goals;

31 (c) The feasibility and desirability of including reimbursement
32 methodologies other than fee-for-service in a statewide payment system;

33 (d) The continuing need for a statewide payment system, in light of the
34 changes in the health care market; and

35 (e) Any other factors the Commission regards as important; and

15

1 ~~(2)~~ (3) The Maryland Health Care Access and Cost Commission shall report its
 2 findings and recommendations to the Senate Finance Committee and the House
 3 Environmental Matters Committee on or before ~~August~~ November 1, 1997.

4 SECTION 6. AND BE IT FURTHER ENACTED, That:

5 (1) The Maryland Health Care Access and Cost Commission may not
 6 implement the provisions of § 19-1509(b) of the Health - General Article before January
 7 1, 1998; and

8 (2) If the Maryland Health Care Access and Cost Commission decides to
 9 implement the provisions of § 19-1509(b) of the Health - General Article, the Maryland
 10 Health Care Access and Cost Commission, in accordance with § 10-111 of the State
 11 Government Article, shall submit for emergency adoption proposed regulations that
 12 would carry out the provisions of § 19-1509(b) of the Health - General Article on or
 13 before January 1, 1999.

14 SECTION 7. AND BE IT FURTHER ENACTED, That, notwithstanding the
 15 provisions of Section 1 of this Act and Article 48A, § 698A of the Code, Article 48A,
 16 Subtitle 55 of the Code does not apply to the renewal of any health benefit plan that was
 17 issued prior to June 1, 1997 to a self-employed individual by an authorized insurer that
 18 does not have any health benefit plan in force on or after June 1, 1997 that provides
 19 coverage to a small employer (as that term is defined in Section 2 of Chapter 9 of the Acts
 20 of the General Assembly of 1993), and any renewal of such plan is not a renewal of a
 21 health benefit plan providing coverage to a small employer for any purpose under Article
 22 48A, Subtitle 55 of the Code.

23 SECTION 8. AND BE IT FURTHER ENACTED, That, notwithstanding the
 24 provisions of Section 2 of this Act and § 15-1202 of the Insurance Article, Title 15,
 25 Subtitle 12 of the Insurance Article does not apply to the renewal of any health benefit
 26 plan that was issued prior to October 1, 1997 to a self-employed individual by an
 27 authorized insurer that does not have any health benefit plan in force on or after October
 28 1, 1997 that provides coverage to a small employer (as that term is defined in Section 2 of
 29 Chapter 9 of the Acts of the General Assembly of 1993 and revised and reenacted under
 30 Chapter _____ (H.B. 11) of the Acts of the General Assembly of 1997), and any renewal of
 31 such plan is not a renewal of a health benefit plan providing coverage to a small employer
 32 for any purpose under Title 15, Subtitle 12 of the Insurance Article.

33 ~~SECTION 6-9.~~ SECTION 6-9. AND BE IT FURTHER ENACTED, That, except for ~~Section 3~~
 34 ~~Sections 3 and 8~~ of this Act, this Act shall take effect ~~July~~ June 1, 1997.

35 ~~SECTION 7-10.~~ SECTION 7-10. AND BE IT FURTHER ENACTED, That ~~Section 3~~ Sections 3
 36 and 8 of this Act shall take effect October 1, 1997.

