

HOUSE BILL 918

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1999 Regular Session
(9r1421)

ENROLLED BILL
-- Economic Matters/Finance --

Introduced by **Delegates Redmer, Mitchell, Love, McClenahan, Eckardt,
Minnick, Glassman, Ports, and Morhaim**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Health Benefit Plans - Small Employers - Rates**

3 FOR the purpose of ~~authorizing certain carriers to charge a rate for a health benefit~~
4 ~~plan issued to a small employer that is a certain~~ increasing the percentage above
5 or below a certain community rate that certain carriers may charge for a health
6 benefit plan issued to a small employer; repealing a requirement that the
7 Insurance Commissioner, in conjunction with the Health Care Access and Cost
8 Commission, submit a certain report to the Governor and the General Assembly
9 on or before a certain date; and generally relating to health benefit plans and
10 small employers.

11 BY repealing and reenacting, with amendments,
12 Article - Insurance
13 Section 15-1205
14 Annotated Code of Maryland
15 (1997 Volume and 1998 Supplement)

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 15-1205.

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

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

10 (i) age; and

11 (ii) geography based on the following contiguous areas of the State:

12 1. the Baltimore metropolitan area;

13 2. the District of Columbia metropolitan area;

14 3. Western Maryland; and

15 4. Eastern and Southern Maryland.

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

18 (b) A carrier shall apply all risk adjustment factors under subsection (a) of this
19 section consistently with respect to all health benefit plans that are issued, delivered,
20 or renewed in the State.

21 (c) [(1)] Based on the adjustments allowed under subsection (a)(2) of this
22 section, a carrier may charge a rate that is [33%] ~~50%~~ 40% above or below the
23 community rate.

24 [(2) On or before October 1, 1998, the Commissioner, in conjunction with
25 the Health Care Access and Cost Commission, shall submit a report to the Governor
26 and, in accordance with § 2-1246 of the State Government Article, the General
27 Assembly on the feasibility and desirability of requiring carriers to charge rates that
28 are less than 33% above or below the community rate for health benefit plans.]

29 (d) A carrier shall base its rating methods and practices on commonly accepted
30 actuarial assumptions and sound actuarial principles.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 ~~October~~ June 1, 1999.

