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1999 Regular Session 9lr1421

By: Delegates Redmer, Mitchell, Love, McClenahan, Eckardt, Minnick, Glassman, Ports, and Morhaim Introduced and read first time: February 12, 1999 Assigned to: Economic Matters A BILL ENTITLED 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 plan issued to a small employer that is a certain percentage above or below a 4 5 certain community rate; repealing a requirement that the Insurance Commissioner, in conjunction with the Health Care Access and Cost 6 7 Commission, submit a certain report to the Governor and the General Assembly on or before a certain date; and generally relating to health benefit plans and 8 9 small employers. 10 BY repealing and reenacting, with amendments, 11 Article - Insurance 12 Section 15-1205 13 Annotated Code of Maryland 14 (1997 Volume and 1998 Supplement) SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 15 16 MARYLAND, That the Laws of Maryland read as follows: 17 **Article - Insurance** 18 15-1205. 19 In establishing a community rate for a health benefit plan, a carrier (a) (1) 20 shall use a rating methodology that is based on the experience of all risks covered by 21 that health benefit plan without regard to health status or occupation or any other 22 factor not specifically authorized under this subsection. A carrier may adjust the community rate only for: 23 (2)24 (i) age; and

geography based on the following contiguous areas of the State:

the Baltimore metropolitan area;

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1	2. the District of Columbia metropolitan area;
2	3. Western Maryland; and
3	4. Eastern and Southern Maryland.
4 5	(3) Rates for a health benefit plan may vary based on family composition as approved by the Commissioner.
	(b) A carrier shall apply all risk adjustment factors under subsection (a) of this section consistently with respect to all health benefit plans that are issued, delivered, or renewed in the State.
	(c) [(1)] Based on the adjustments allowed under subsection (a)(2) of this section, a carrier may charge a rate that is [33%] 50% above or below the community rate.
14 15	[(2) On or before October 1, 1998, the Commissioner, in conjunction with the Health Care Access and Cost Commission, shall submit a report to the Governor and, in accordance with § 2-1246 of the State Government Article, the General Assembly on the feasibility and desirability of requiring carriers to charge rates that are less than 33% above or below the community rate for health benefit plans.]
17 18	(d) A carrier shall base its rating methods and practices on commonly accepted actuarial assumptions and sound actuarial principles.

- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 19 20 October 1, 1999.