
By: **Delegates Redmer, Mitchell, Love, McClenahan, Eckardt, Minnick,
Glassman, Ports, and Morhaim**

Introduced and read first time: February 12, 1999

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 17, 1999

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)

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

18 **Article - Insurance**

19 15-1205.

20 (a) (1) In establishing a community rate for a health benefit plan, a carrier
21 shall use a rating methodology that is based on the experience of all risks covered by

1 that health benefit plan without regard to health status or occupation or any other
2 factor not specifically authorized under this subsection.

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

4 (i) age; and

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

6 1. the Baltimore metropolitan area;

7 2. the District of Columbia metropolitan area;

8 3. Western Maryland; and

9 4. Eastern and Southern Maryland.

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

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

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

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

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

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 1999.