
By: **Delegate Donoghue**
Introduced and read first time: February 9, 2001
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Small Group Market Health Insurance - Premium Rates for Health Benefit**
3 **Plans**

4 FOR the purpose of authorizing a carrier that adjusts the community rate for a health
5 benefit plan in a certain manner to provide a certain discount; and generally
6 relating to premium rates for health benefit plans under small group market
7 health insurance.

8 BY repealing and reenacting, with amendments,
9 Article - Insurance
10 Section 15-1205
11 Annotated Code of Maryland
12 (1997 Volume and 2000 Supplement)

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 15-1205.

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

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

22 (i) age; and

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

24 1. the Baltimore metropolitan area;

25 2. the District of Columbia metropolitan area;

1 3. Western Maryland; and

2 4. Eastern and Southern Maryland.

3 (3) IF A CARRIER ADJUSTS THE COMMUNITY RATE AS PROVIDED IN
4 PARAGRAPH (2) OF THIS SUBSECTION, THE CARRIER MAY PROVIDE A DISCOUNT
5 BASED ON THE NUMBER OF ELIGIBLE EMPLOYEES ACTUALLY ENROLLED IN A
6 HEALTH BENEFIT PLAN.

7 [(3)] (4) Rates for a health benefit plan may vary based on family
8 composition as approved by the Commissioner.

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

12 (c) Based on the adjustments allowed under subsection (a)(2) of this section, a
13 carrier may charge a rate that is 40% above or below the community rate.

14 (d) (1) A carrier shall base its rating methods and practices on commonly
15 accepted actuarial assumptions and sound actuarial principles.

16 (2) A carrier that is a health maintenance organization and that includes
17 a subrogation provision in its contract as authorized under § 19-713.1(d) of the
18 Health - General Article shall:

19 (i) use in its rating methodology an adjustment that reflects the
20 subrogation; and

21 (ii) identify in its rate filing with the Administration, and annually
22 in a form approved by the Commissioner, all amounts recovered through subrogation.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2001.