

Department of Legislative Services  
Maryland General Assembly  
2005 Session

FISCAL AND POLICY NOTE

House Bill 422 (Delegate Hurson)

Health and Government Operations

Finance

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Health Insurance - Small Group Market - Small Employer Criteria and  
Cancellation and Nonrenewal Procedures

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This bill permits a self-employed individual to submit to the health insurer, nonprofit health service plan, or HMO (carrier) a copy of an extension filing with the Internal Revenue Service as proof of self-employment.

If a carrier intends to cancel or refuse to renew a health benefit plan, the carrier must send written notice of cancellation or refusal to renew by certified mail to the affected small employer at least 10 days before the effective date of the cancellation or nonrenewal.

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Fiscal Summary

**State Effect:** Potential minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2006 if carriers have to file new contract forms to reflect new cancellation and nonrenewal provisions. No effect on expenditures.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** For the purpose of purchasing health insurance in the small group market, a small business is defined as a business that employs 50 or fewer employees. A self-employed individual may be considered a small business if the person meets certain

financial requirements. A person must provide to the carrier, as proof of self-employment, a copy of the appropriate Internal Revenue form (such as a tax return) for the previous year.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 6, 2005  
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