

(3) (III) 33% ABOVE OR BELOW THE COMMUNITY RATE FOR ALL HEALTH BENEFIT PLANS ISSUED, DELIVERED, OR RENEWED AFTER JULY 1, 1996 BETWEEN JULY 1, 1996 AND JUNE 30, 1997; AND

(IV) 16% ABOVE OR BELOW THE COMMUNITY RATE FOR ALL HEALTH BENEFIT PLANS ISSUED, DELIVERED, OR RENEWED AFTER JULY 1, 1997.

(2) ON OR BEFORE OCTOBER 1, 1998, THE COMMISSIONER SHALL SUBMIT A REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1312 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY, ON THE FEASIBILITY AND DESIRABILITY OF ESTABLISHING A PURE COMMUNITY RATE OR MAINTAINING AN ADJUSTED COMMUNITY RATE.

703.

(A) A CARRIER SHALL APPLY ALL RISK ADJUSTMENT FACTORS UNDER § 702 OF THIS SUBTITLE CONSISTENTLY WITH RESPECT TO ALL HEALTH BENEFIT PLANS ISSUED, DELIVERED, OR RENEWED IN THE STATE.

(B) (1) A CARRIER MAY NOT ARBITRARILY TRANSFER A SMALL EMPLOYER INVOLUNTARILY INTO OR OUT OF A HEALTH BENEFIT PLAN.

(2) A CARRIER MAY NOT OFFER TO TRANSFER A SMALL EMPLOYER INTO OR OUT OF A HEALTH BENEFIT PLAN UNLESS THE OFFER TO TRANSFER IS MADE TO ALL SMALL EMPLOYERS WITH SIMILAR RISK ADJUSTMENT FACTORS.

(C) A CARRIER SHALL MAKE A REASONABLE DISCLOSURE IN ITS SOLICITATION AND SALES MATERIALS OF:

(1) THE EXTENT TO WHICH PREMIUM RATES FOR A SPECIFIED SMALL EMPLOYER ARE ESTABLISHED OR ADJUSTED BASED UPON THE ACTUAL OR EXPECTED VARIATION IN HEALTH CONDITIONS OF THE ELIGIBLE EMPLOYEES AND DEPENDENTS OF THE SMALL EMPLOYER;

(2) (1) THE PROVISIONS CONCERNING THE CARRIER'S RIGHT TO CHANGE PREMIUM RATES, INCLUDING ANY FACTORS THAT MAY AFFECT THE CHANGES IN PREMIUM RATES;

(3) (2) THE PROVISIONS RELATING TO RENEWABILITY OF POLICIES AND CONTRACTS; AND

(4) (3) THE PROVISIONS RELATING TO ANY PREEXISTING CONDITION PROVISION.

(D) (1) A CARRIER SHALL BASE ITS RATING METHODS AND PRACTICES ON:

(I) COMMONLY ACCEPTED ACTUARIAL ASSUMPTIONS; AND

(II) SOUND ACTUARIAL PRINCIPLES.

(2) SUBJECT TO THE APPROVAL OF THE COMMISSIONER AND AS PROVIDED UNDER § 704(A)(3) OF THIS SUBTITLE, A CARRIER MAY IMPOSE REASONABLE MINIMUM PARTICIPATION REQUIREMENTS.