

(6) A [small employer] carrier may terminate reinsurance for one or more of the reinsured [employees or dependents] INDIVIDUAL MEMBERS of a [small employer] GROUP on any plan anniversary.

(b) (1) The Board, as part of the plan of operation, shall establish a methodology for determining premium rates to be charged by the pool for reinsuring [small employers] GROUPS and individuals under this section. The methodology shall provide for the development of base reinsurance premium rates, which shall be multiplied by the factors set forth in paragraph (2) of this subsection to determine the premium rates for the pool. The base reinsurance premium rates shall be established by the Board and shall be set at levels that reasonably approximate gross premiums charged to [small employers by small employer] GROUPS BY GROUP carriers for health benefit plans up to the level of coverage determined by the Board.

(2) Premiums for the pool shall be as follows:

(i) An entire [small employer] group may be reinsured for a rate that is 1.5 times the base reinsurance premium rate for the group established under this subsection.

(ii) An [eligible employee or dependent] INDIVIDUAL OR GROUP MEMBER may be reinsured for a rate that is 5 times the base reinsurance premium rate for the individual established under this subsection.

(3) The Board periodically shall review the methodology established under paragraph (1) of this subsection, including the system of classification and any rating factors, to assure that it reasonably reflects the claims experience of the pool. The Board may propose changes to the methodology which shall be subject to the approval of the Commissioner.

(c) If a health benefit plan for a [small employer] GROUP is entirely or partially reinsured with the program, the premium charged to the [small employer] GROUP for any rating period for the coverage issued shall meet the requirements relating to premium rates set forth in § 702 of this subtitle.

(d) (1) Prior to March 1 of each year, the Board shall determine and report to the Commissioner the pool net loss for the previous calendar year, including administrative expenses and incurred losses for the year, taking into account investment income and other appropriate gains and losses.

(2) Any net loss for the year shall be recouped by assessments of reinsuring carriers.

(i) The Board shall establish, as part of the plan of operation, a formula by which to make assessments against reinsuring carriers. The assessment formula shall be based on:

1. Each reinsuring carrier's share of the total premiums earned in the preceding calendar year from health benefit plans delivered or issued for delivery [to small employers] in this State by reinsuring carriers; and

2. Each reinsuring carrier's share of the premiums earned in the preceding calendar year from newly issued health benefit plans delivered or issued for delivery during such calendar year [to small employers] in this State by reinsuring carriers.