

B. FOR WHICH THE INDIVIDUAL HAS FILED THE APPROPRIATE INTERNAL REVENUE FORM 1040, SCHEDULE C OR F, FOR THE PREVIOUS TAXABLE YEAR:

1. IS AN INDIVIDUAL OR SOLE PROPRIETOR WHO DERIVES A SUBSTANTIAL PORTION OF THE INDIVIDUAL'S INCOME FROM A TRADE OR BUSINESS THROUGH WHICH THE INDIVIDUAL OR SOLE PROPRIETOR HAS ATTEMPTED TO EARN TAXABLE INCOME AND FOR WHICH THE INDIVIDUAL HAS FILED THE APPROPRIATE INTERNAL REVENUE FORM 1040, SCHEDULE C OR F, FOR THE PREVIOUS TAXABLE YEAR, A COPY OF WHICH SHALL BE FILED WITH THE CARRIER AS PROOF OF EMPLOYMENT; OR

2. IS AN INDIVIDUAL ENGAGED IN A LICENSED PROFESSION THROUGH A PROFESSIONAL CORPORATION ORGANIZED IN ACCORDANCE WITH TITLE 5, SUBTITLE 1 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE AND WHO RECEIVED HEALTH BENEFITS THROUGH A PROFESSIONAL ASSOCIATION PRIOR TO JULY 1, 1994.

(2) "SMALL EMPLOYER" INCLUDES:

(I) IF THE REQUIREMENTS OF PARAGRAPH (1)(I)1 AND 2 OF THIS SUBSECTION ARE SATISFIED, A LOCAL GOVERNMENT BODY OF:

1. A CHARTER COUNTY ESTABLISHED UNDER ARTICLE 25A OF THE CODE;

2. A CODE COUNTY ESTABLISHED UNDER ARTICLE 25B OF THE CODE;

3. A BOARD OF COUNTY COMMISSIONERS ESTABLISHED OR OPERATING UNDER ARTICLE 25 OF THE CODE; AND

4. A MUNICIPAL CORPORATION ESTABLISHED OR OPERATING UNDER ARTICLE 23A OF THE CODE; AND

(II) A NONPROFIT ORGANIZATION, WHICH HAS BEEN DETERMINED BY THE INTERNAL REVENUE SERVICE TO BE EXEMPT FROM TAXATION UNDER § 501(C)(3), (4), OR (6) OF THE INTERNAL REVENUE CODE, WITH AT LEAST ONE ELIGIBLE EMPLOYEE.

(3) (I) [Until January 1, 1995 carriers who do not impose preexisting condition limitations may require that a small employer have at least three eligible employees.] A CARRIER MAY NOT IMPOSE A MINIMUM PARTICIPATION REQUIREMENT FOR A SMALL EMPLOYER THAT IS GREATER THAN 75 PERCENT OF ELIGIBLE EMPLOYEES OF THE SMALL EMPLOYER.

(II) IN APPLYING MINIMUM PARTICIPATION REQUIREMENTS WITH RESPECT TO A SMALL EMPLOYER TO DETERMINE WHETHER THE APPLICABLE PERCENTAGE OF PARTICIPATION IS MET, A CARRIER MAY NOT CONSIDER ELIGIBLE EMPLOYEES OR DEPENDENTS THAT HAVE COVERAGE UNDER A PUBLIC OR PRIVATE HEALTH INSURANCE PLAN OR OTHER HEALTH BENEFIT ARRANGEMENT, INCLUDING MEDICARE, MEDICAID, AND CHAMPUS, THAT PROVIDES BENEFITS SIMILAR TO OR EXCEEDING THE BENEFITS PROVIDED UNDER THE COMPREHENSIVE STANDARD BENEFIT PLAN.