

(I) ANY person, sole proprietor, firm, corporation, partnership, or association actively engaged in business if:

[(i)] 1. On at least 50 percent of its working days during the preceding calendar year, employed at least two but no more than 50 eligible employees; and

[(ii)] 2. The majority of the individuals described under [subparagraph (i) of this paragraph] ITEM 1 OF THIS SUBPARAGRAPH are employed within the State; OR

(II) ANY SELF-EMPLOYED INDIVIDUAL WHO:

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)] 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) 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