

15-1205. PREMIUM RATES FOR HEALTH BENEFIT PLANS.

(A) COMMUNITY RATE.

(1) IN ESTABLISHING A COMMUNITY RATE FOR A HEALTH BENEFIT PLAN, A CARRIER SHALL USE A RATING METHODOLOGY THAT IS BASED ON THE EXPERIENCE OF ALL RISKS COVERED BY THAT HEALTH BENEFIT PLAN WITHOUT REGARD TO HEALTH STATUS OR OCCUPATION OR ANY OTHER FACTOR NOT SPECIFICALLY AUTHORIZED UNDER THIS SUBSECTION.

(2) A CARRIER MAY ADJUST THE COMMUNITY RATE ONLY FOR:

(I) AGE; AND

(II) GEOGRAPHY BASED ON THE FOLLOWING CONTIGUOUS AREAS OF THE STATE:

1. THE BALTIMORE METROPOLITAN AREA;
2. THE DISTRICT OF COLUMBIA METROPOLITAN AREA;
3. WESTERN MARYLAND; AND
4. EASTERN AND SOUTHERN MARYLAND.

(3) RATES FOR A HEALTH BENEFIT PLAN MAY VARY BASED ON FAMILY COMPOSITION AS APPROVED BY THE COMMISSIONER.

(B) CONSISTENT APPLICATION OF RISK ADJUSTMENT FACTORS.

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

(C) ALLOWABLE RATES; REPORT.

(1) BASED ON THE ADJUSTMENTS ALLOWED UNDER SUBSECTION (A)(2) OF THIS SECTION, A CARRIER MAY CHARGE A RATE THAT IS 33% ABOVE OR BELOW THE COMMUNITY RATE.

(2) ON OR BEFORE OCTOBER 1, 1998, THE COMMISSIONER, IN CONJUNCTION WITH THE HEALTH CARE ACCESS AND COST COMMISSION, 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 REQUIRING CARRIERS TO CHARGE RATES THAT ARE LESS THAN 33% ABOVE OR BELOW THE COMMUNITY RATE FOR HEALTH BENEFIT PLANS.

(D) BASIS OF RATING METHODS AND PRACTICES.

A CARRIER SHALL BASE ITS RATING METHODS AND PRACTICES ON COMMONLY ACCEPTED ACTUARIAL ASSUMPTIONS AND SOUND ACTUARIAL PRINCIPLES.