

15-1219. PREMIUMS FOR REINSURANCE.

(A) IN GENERAL.

(1) (I) AS PART OF THE PLAN OF OPERATION, THE BOARD SHALL ESTABLISH A METHODOLOGY TO DETERMINE PREMIUM RATES TO BE CHARGED BY THE POOL TO REINSURE SMALL EMPLOYERS AND INDIVIDUALS UNDER THIS SECTION AND § 15-1218 OF THIS SUBTITLE.

(II) THE METHODOLOGY SHALL PROVIDE FOR THE DEVELOPMENT OF BASE REINSURANCE PREMIUM RATES THAT SHALL BE MULTIPLIED BY THE FACTORS SET FORTH IN PARAGRAPH (2) OF THIS SUBSECTION TO DETERMINE THE PREMIUM RATES FOR THE POOL.

(III) THE BOARD SHALL ESTABLISH THE BASE REINSURANCE PREMIUM RATES AT LEVELS THAT REASONABLY APPROXIMATE GROSS PREMIUMS CHARGED TO SMALL EMPLOYERS BY CARRIERS FOR HEALTH BENEFIT PLANS UP TO THE LEVEL OF COVERAGE THAT THE BOARD DETERMINES.

(2) PREMIUMS FOR THE POOL SHALL BE AS FOLLOWS:

(I) AN ENTIRE GROUP MAY BE REINSURED FOR A RATE THAT IS 1.5 TIMES THE BASE REINSURANCE PREMIUM RATE FOR THE GROUP ESTABLISHED UNDER THIS SUBSECTION; AND

(II) AN INDIVIDUAL MAY BE REINSURED FOR A RATE THAT IS 5 TIMES THE BASE REINSURANCE PREMIUM RATE FOR THE INDIVIDUAL ESTABLISHED UNDER THIS SUBSECTION.

(3) (I) THE BOARD PERIODICALLY SHALL REVIEW THE METHODOLOGY ESTABLISHED UNDER PARAGRAPH (1) OF THIS SUBSECTION, INCLUDING THE SYSTEM OF CLASSIFICATION AND ANY RATING FACTORS, TO ENSURE THAT IT REASONABLY REFLECTS THE CLAIMS EXPERIENCE OF THE POOL.

(II) THE BOARD MAY PROPOSE CHANGES TO THE METHODOLOGY, SUBJECT TO THE APPROVAL OF THE COMMISSIONER.

(B) PREMIUMS CHARGED TO SMALL EMPLOYERS.

IF A HEALTH BENEFIT PLAN FOR A SMALL EMPLOYER IS ENTIRELY OR PARTIALLY REINSURED WITH THE POOL, THE PREMIUM CHARGED TO THE SMALL EMPLOYER FOR ANY RATING PERIOD FOR THE COVERAGE ISSUED SHALL MEET THE REQUIREMENTS THAT RELATE TO PREMIUM RATES SET FORTH IN § 15-1205 OF THIS SUBTITLE.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 709(b) and (c).

In subsection (a)(2)(ii) of this section, the reference to an "individual" is substituted for the former reference to an "eligible employee or dependent" for brevity.

In subsection (b) of this section, the reference to the "Pool" is substituted for