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.

    Based on the adjustments allowed under subsection (a)(2) of this section, a carrier may charge a rate that is 16% above or below the community rate.

    (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.

    REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, §§ 702(a) and (b)(4) and 703(a) and (d)(1) (effective subject to Ch. 9, §§ 5 and 7, Acts of 1993, as amended by Ch. 258, § 3, Acts of 1994).

    In subsection (a)(1) of this section, the reference to "all risks" is substituted for the former reference to "the entire pool of risks" to avoid confusion with the defined term "Pool".

    In subsection (c) of this section, the former reference to "all health benefit plans issued, delivered, or renewed after July 1, 1997" is deleted as obsolete since that date has passed. Similarly, former Art. 48A, § 702(b)(1) through (3), which phased in, from July 1, 1994 through June 30, 1997, the limits on the rate a carrier may charge, is deleted as obsolete.

Defined terms: "Carrier" § 1
    "Commissioner" IN § 1–101
    "Health benefit plan" § 1