

CHAPTER 388
FORMERLY
HOUSE BILL NO. 85
AS AMENDED BY
HOUSE AMENDMENT NO. 1

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO SMALL EMPLOYER HEALTH INSURANCE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend Chapter 72, Title 18 of the Delaware Code by adding thereto a new section to read:

"§ 7218. Factors for premium rates; premium rate variations; premium rate adjustments; 'stop-loss' policies prohibited.

(a) The only factors, other than plan design and family composition, that may be considered by a small employer carrier in setting premium rates for small employer health insurance are age, health status, and size of the group. 'Health status' as used in this section means medical condition, including physical and mental illnesses; claims experience; receipt of health care; evidence of insurability; medical history; and unhealthy lifestyle choices as defined in § 7202(24) of this chapter.

(b) The maximum premium rate variation between high and low small employer health insurance risk groups of 2 to 50 employees is a ratio of 5 for the high risk groups to 1 for the low risk groups. The ratio of premium rate variation between high and low risk small employee groups of 2 to 50 employees must decrease by a factor of .5 for high risk groups on the annual anniversary of the July 1, 2011 effective date of this section until the premium rate variation ratio is 3 for the high risk groups to 1 for the low risk groups.

(c) The maximum premium rate variation between high and low small employer health insurance risk groups of a single employee, known as 'groups of one', is a ratio of 6 for the high risk groups to 1 for the low risk groups. The ratio of premium rate variation between high and low risk small employer groups of one must decrease by a factor of .5 for high risk groups of one on the annual anniversary of the July 1, 2011 effective date of this section until the premium rate variation ratio is 4 for the high risk groups to 1 for the low risk groups. Nothing in this provision may be construed to create separate risk pools for groups of one and groups of 2 to 50.

(d) A group may not receive a premium rate adjustment for a change in the health status of the members of the group that exceeds 15%, whether higher or lower, from the prior year.

(e) A small employer health insurance carrier may not make available, issue, or renew a 'stop-loss' policy to a small employer."

Section 2. Nothing herein shall apply to any company licensed under Chapter 69 of Title 18.

Section 3. This Act takes effect on July 1, 2011.

Approved July 15, 2010