



MARYLAND
Chamber of Commerce

LEGISLATIVE POSITION:

FAVORABLE

Senate Bill 821

Maryland Insurance Administration – Professional Employer Organizations – Study

Senate Finance Committee

Friday, February 16, 2024

Dear Chairwoman Beidle and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and recovery for Maryland businesses, employees, and families.

Senate Bill 821 would require the Maryland Insurance Administration to study professional employer organizations (PEO) in Maryland and determine the potential impact of proposed statutory changes in the state relating to the offering of health coverage by PEOs on the small group market.

PEOs offer a suite of services such as payroll, HR, workers compensation benefits, healthcare and more. They act as an administrative and strategic partner to businesses, especially small and medium sized businesses who sometimes do not have the resources to administer employee benefits themselves. Outsourcing certain functions allows businesses to streamline their operations, stay compliant with employment laws and regulations, reduce administrative burdens, and save costs associated with internal management of certain benefits.

The Chamber has increasingly heard from small businesses about how, in Maryland, they cannot participate in certain PEO benefits, including aggregated health care plans. Maryland is unique in not allowing PEOs to offer aggregated healthcare plans to their clients. 47 states and the District of Columbia allow it, however Alaska, Maine and Maryland do not. It is important to note that PEOs are not insurers, they are group purchasers. We believe that data and research on the potential effects of allowing PEOs greater flexibility in offering health coverage for businesses is a helpful and important step for the state and General Assembly to make informed decisions, ultimately resulting in businesses being able to stay competitive and attract employees, creating a positive work environment to work in.

For these reasons, the Chamber respectfully requests a **favorable report** on SB 821.

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