

Department of Legislative Services  
Maryland General Assembly  
2006 Session

FISCAL AND POLICY NOTE

House Bill 1209 (Delegate Barve)  
Health and Government Operations

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Health Insurance - Small Group Market - Small Employer - Size of Employee  
Group

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This bill changes the size of a business that may be considered a small group for health insurance purposes from one that employs 2 to 50 eligible employees to a business that employs 2 to 200 eligible employees.

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Fiscal Summary

**State Effect:** None. The bill's changes do not materially impact how the Maryland Insurance Administration or the Maryland Health Care Commission regulate the small group health insurance market.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful. More small businesses would qualify for coverage in the small group market. In 2004, approximately 51,000 small businesses provided insurance to 452,000 covered lives in the small group market. Each policy carried an average 1.812 covered lives. In 2003, there were about 132,000 small businesses that employed up to 250 employees, some of whom could benefit from the bill's expansion of the small group market size.

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Analysis

**Current Law:** The Comprehensive Standard Health Benefit Plan (CSHBP) was established in 1994 as a result of health care reforms adopted by the General Assembly to provide better access to coverage in the small group market. CSHBP is a standard health

benefit package (standard plan) that carriers must sell to small businesses (2 to 50 employees). CSHBP includes guaranteed issuance and renewal, adjusted community rating with rate bands, and the elimination of preexisting condition limitations. In order to maintain affordability, the average CSHBP premium rate per employee must remain below 10% of Maryland's average annual wage.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

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ncs/jr

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Analysis by: Susan D. John

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510