

# HOUSE BILL 1439

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CF SB 760

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By: **Delegates Qi, Crosby, Bagnall, Cardin, Fair, D. Jones, Taveras, Wims, Woorman, and Wu**

Introduced and read first time: February 7, 2025

Assigned to: Health and Government Operations and Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Better Small Business Employee Benefit Act of 2025**

3 FOR the purpose of exempting from certain requirements relating to offering health benefit  
4 plans to small employers in the State health benefit plans issued through a  
5 professional employer organization, coemployer, or other organization located in the  
6 State; and generally relating to health benefit plans issued through professional  
7 employer organizations, coemployers, and other organizations that engage in  
8 employee leasing.

9 BY repealing and reenacting, without amendments,  
10 Article – Insurance  
11 Section 15–1201(a) and (i)(1) and 31–101(a)  
12 Annotated Code of Maryland  
13 (2017 Replacement Volume and 2024 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – Insurance  
16 Section 15–1201(i)(2), 15–1202(b), 15–1204.1, and 31–101(aa)  
17 Annotated Code of Maryland  
18 (2017 Replacement Volume and 2024 Supplement)

19 BY adding to  
20 Article – Insurance  
21 Section 15–1201(r–1)  
22 Annotated Code of Maryland  
23 (2017 Replacement Volume and 2024 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
25 That the Laws of Maryland read as follows:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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## Article – Insurance

2 15–1201.

3 (a) In this subtitle the following words have the meanings indicated.

4 (i) (1) “Health benefit plan” means:

5 (i) a policy or certificate for hospital or medical benefits issued by  
6 an insurer;

7 (ii) a nonprofit health service plan contract; or

8 (iii) a health maintenance organization subscriber or group master  
9 contract.10 (2) “Health benefit plan” includes a policy or certificate for hospital or  
11 medical benefits that covers residents of this State who are eligible employees and that is  
12 issued through[13 (i)] a multiple employer trust or association located in this State or  
14 another state[; or15 (ii) a professional employer organization, coemployer, or other  
16 organization located in this State or another state that engages in employee leasing].17 **(R–1) (1) “PROFESSIONAL EMPLOYER ORGANIZATION” MEANS A BUSINESS**  
18 **ENTITY THAT ENTERS INTO A CONTRACTUAL AGREEMENT WITH ANOTHER BUSINESS**  
19 **ENTITY UNDER WHICH EMPLOYER RESPONSIBILITIES ARE ALLOCATED BETWEEN**  
20 **THE BUSINESS ENTITIES FOR ALL OR AT LEAST HALF OF THE WORKSITE EMPLOYEES**  
21 **OF THE SECOND BUSINESS ENTITY.**22 **(2) “PROFESSIONAL EMPLOYER ORGANIZATION” DOES NOT INCLUDE**  
23 **A BUSINESS ENTITY THAT:**24 **(I) RECRUITS AND HIRES ITS OWN EMPLOYEES;**25 **(II) FINDS OTHER ORGANIZATIONS THAT NEED THE SERVICES**  
26 **OF ITS EMPLOYEES;**27 **(III) ASSIGNS EMPLOYEES TO CLIENTS ON A TEMPORARY BASIS**  
28 **TO SUPPORT OR SUPPLEMENT THE CLIENT’S WORKFORCE IN SPECIAL**  
29 **CIRCUMSTANCES SUCH AS EMPLOYEE ABSENCES, TEMPORARY SKILL SHORTAGES,**  
30 **AND SEASONAL WORKLOADS; AND**

1 (IV) CUSTOMARILY ATTEMPTS TO REASSIGN THE EMPLOYEES TO  
2 OTHER CLIENTS WHEN THE EMPLOYEES FINISH EACH ASSIGNMENT.

3 15-1202.

4 (b) This subtitle applies to any health benefit plan offered by an association, [a  
5 professional employer organization, or any other entity,] including a plan issued under the  
6 laws of another state, if the health benefit plan covers eligible employees of one or more  
7 small employers and meets the requirements of subsection (a) of this section.

8 15-1204.1.

9 (a) (1) This section applies to a carrier with respect to any health benefit plan  
10 that:

11 [(1)] (I) is not a grandfathered health plan, as defined in § 1251 of the  
12 Affordable Care Act; and

13 [(2)] (II) is issued, delivered, or renewed in the State on or after January  
14 1, 2014.

15 (2) THIS SECTION DOES NOT APPLY WITH RESPECT TO A HEALTH  
16 BENEFIT PLAN ISSUED THROUGH A PROFESSIONAL EMPLOYER ORGANIZATION.

17 (b) (1) Except as provided in this subsection and § 31-110(f) of this article, a  
18 carrier may not offer health benefit plans to small employers in the State unless the carrier  
19 also offers qualified health plans, as defined in § 31-101 of this article, in the Small  
20 Business Health Options Program of the Maryland Health Benefit Exchange in compliance  
21 with the requirements of Title 31 of this article.

22 (2) A carrier is exempt from the requirement in paragraph (1) of this  
23 subsection if:

24 (i) the reported total aggregate annual earned premium from all  
25 health benefit plans offered to small employers in the State for the carrier and any other  
26 carriers in the same insurance holding company system, as defined in § 7-101 of this  
27 article, is less than \$20,000,000;

28 (ii) the Commissioner determines that the carrier complies with the  
29 procedures established under paragraph (3) of this subsection; and

30 (iii) when the carrier ceases to meet the requirements for the  
31 exemption, the carrier provides to the Commissioner immediate notice and its plan for  
32 complying with the requirement in paragraph (1) of this subsection.

1 (3) The Commissioner shall establish procedures for a carrier to submit  
2 evidence each year that the carrier meets the requirements necessary to qualify for an  
3 exemption under paragraph (2) of this subsection.

4 (4) Notwithstanding the exemption provided in paragraph (2) of this  
5 subsection, the Commissioner, in consultation with the Maryland Health Benefit  
6 Exchange:

7 (i) may assess the impact of the exemption provided in paragraph  
8 (2) of this subsection and, based on that assessment, alter the limit on the amount of annual  
9 premiums that may not be exceeded to qualify for the exemption; and

10 (ii) shall make any change in the exemption requirement by  
11 regulation.

12 31–101.

13 (a) In this subtitle the following words have the meanings indicated.

14 (aa) (1) “Small employer” means an employer that, during the preceding  
15 calendar year, employed an average of not more than 50 employees.

16 (2) For purposes of this subsection:

17 (i) all persons treated as a single employer under § 414(b), (c), or (o)  
18 of the Internal Revenue Code shall be treated as a single employer;

19 (ii) an employer and any predecessor employer shall be treated as a  
20 single employer;

21 (iii) the number of employees of an employer shall be determined by  
22 adding:

23 1. the number of full–time employees; and

24 2. the number of full–time equivalent employees, which shall  
25 be calculated for a particular month by dividing the aggregate number of hours of service  
26 of employees who are not full–time employees for the month by 120;

27 (iv) if an employer was not in existence throughout the preceding  
28 calendar year, the determination of whether the employer is a small employer shall be  
29 based on the average number of employees that the employer is reasonably expected to  
30 employ on business days in the current calendar year;

31 (v) an employer that makes enrollment in qualified health plans  
32 available to its employees through the SHOP Exchange, and would cease to be a small  
33 employer by reason of an increase in the number of its employees, shall continue to be

1 treated as a small employer for purposes of this subtitle as long as it continuously makes  
2 enrollment through the SHOP Exchange available to its employees; and

3 (vi) [to the extent permitted by federal law, an entity that leases  
4 employees from a professional employer organization, coemployer, or other organization  
5 engaged in employee leasing and that otherwise meets the description in this section shall  
6 be treated as a small employer] **A WELFARE BENEFIT PLAN OFFERED TO A WORKSITE  
7 EMPLOYEE OF A PROFESSIONAL EMPLOYER ORGANIZATION SHALL BE TREATED AS  
8 A SINGLE EMPLOYER WELFARE BENEFIT PLAN.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
10 policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or  
11 after January 1, 2026.

12 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 January 1, 2026.