

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 547
Finance

(Senator James)

Commission to Study Health Insurance Pooling - Establishment

This bill establishes the Commission to Study Health Insurance Pooling to study pooling public employee health insurance purchasing among the State, counties, municipal corporations, and local boards of education. A member of the commission may not receive compensation but is entitled to reimbursement for expenses. The Department of Budget and Management (DBM) must staff the commission. The commission may contract with external organizations to provide data analysis. By December 1, 2026, the commission must report its findings and recommendations to the Governor and the General Assembly. **The bill takes effect July 1, 2025, and terminates June 30, 2027.**

Fiscal Summary

State Effect: DBM can staff the commission using existing budgeted resources. Revenues are not affected.

Local Effect: The bill is not anticipated to materially impact local government finances or operations.

Small Business Effect: None.

Analysis

Bill Summary: The commission must study pooling of public employee health insurance purchasing using data collected by DBM, including information provided by the Maryland Association of Counties, the Maryland Municipal League, and the Maryland Association of Boards of Education.

Based on the data collected, the commission must analyze the impacts of pooling public employee health insurance purchasing, including the fiscal impacts, and identify any barriers to successful implementation. The commission must make legislative or regulatory recommendations regarding pooling of public employee health insurance purchasing to maximize value and efficiency while maintaining a broad package of benefits and reasonable premiums for public employees.

Current Law: The State Employee and Retiree Health and Welfare Benefits Program is established in statute to provide health insurance benefit options to State employees and retirees. The Secretary of Budget and Management is charged with developing and administering the program, including selecting the insurance options to be offered.

Specified nonprofit organizations and local governments (including counties, municipalities, and local boards of education) may elect to participate in the State plan as satellite organizations. They must pay the full cost of their participation to the State, including any premiums and administrative costs. In general, only employees, but not retirees, of satellite organizations may elect to participate in the State plan, with specified exceptions. As of January 1, 2025, DBM advises that 28 municipal corporations and educational organizations participate in the State's health plan.

Chapter 307 of 2018 established the Task Force to Study Cooperative Purchasing for Health Insurance. The task force was required to (1) study models of cooperative purchasing of health insurance and (2) make recommendations generally related to expanding coverage under the State's health plan to other satellite organizations, while minimizing costs and without adversely affecting benefits provided to participating employees. The task force submitted its [findings and recommendations](#) in December 2019. Among other things, the task force recommended:

- increased outreach to local governments that are allowed to join the State's plan;
- if participation by local governments is not increased after outreach, establishment of a governing body or joint health care committee to allow local governments to have representation and substantive input into the plan design and procurement evaluation processes for the State's health plan;
- analysis of the potential costs to the State and savings to local governments by the State assuming or sharing the administrative burden for any local governments that join the State's plan;
- increasing awareness of other options available to local governments besides the State's health plan; and
- encouraging local entities to combine resources and perform their own intergovernmental cooperative procurements.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the past three years.

Designated Cross File: None.

Information Source(s): Maryland Association of Counties; Maryland Municipal League; Comptroller's Office; Maryland State Treasurer's Office; Department of Budget and Management; Board of Public Works; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - February 10, 2025
rh/ljm

Analysis by: Jennifer B. Chasse

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