

SENATE BILL 779

J5
SB 760/25 – FIN

6lr3299
CF 6lr2201

By: Senator Feldman

Introduced and read first time: February 6, 2026

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

Better Small Business Employee Benefit Act of 2026

3 FOR the purpose of exempting from certain requirements relating to the offering of health
4 benefit plans to small employers in the State health benefit plans issued through a
5 professional employer organization located in the State; requiring professional
6 employer organizations that enter into agreements with small employers to provide
7 health benefit plans to disclose certain information in writing; and generally relating
8 to health benefit plans issued through professional employer organizations that
9 engage in employee leasing.

10 BY repealing and reenacting, without amendments,
11 Article – Insurance
12 Section 15–1201(a) and (i)(1) and 31–101(a)
13 Annotated Code of Maryland
14 (2017 Replacement Volume and 2025 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – Insurance
17 Section 15–1201(i)(2), 15–1202(b), 15–1204.1, and 31–101(aa)
18 Annotated Code of Maryland
19 (2017 Replacement Volume and 2025 Supplement)

20 BY adding to
21 Article – Insurance
22 Section 15–1201(r–1) and 15–1206(i)
23 Annotated Code of Maryland
24 (2017 Replacement Volume and 2025 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

(iii) a health maintenance organization subscriber or group master contract.

13 (i) a multiple employer trust or association located in this State or
14 another state; or

15 (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.

(I) RECRUITS AND HIRES ITS OWN EMPLOYEES:

25 (II) FINDS OTHER ORGANIZATIONS THAT NEED THE SERVICES
26 OF ITS EMPLOYEES:

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

3 15-1202.

(b) This subtitle applies to any health benefit plan offered by an association, [a professional employer organization, or any other entity,] including a plan issued under the laws of another state, if the health benefit plan covers eligible employees of one or more 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

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

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.

(3) The Commissioner shall establish procedures for a carrier to submit evidence each year that the carrier meets the requirements necessary to qualify for an 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 15-1206.

13 **(I) A PROFESSIONAL EMPLOYER ORGANIZATION THAT ENTERS INTO AN**
14 **AGREEMENT WITH A SMALL EMPLOYER TO PROVIDE A HEALTH BENEFIT PLAN SHALL**
15 **DISCLOSE TO THE SMALL BUSINESS, IN WRITING:**

25 31-101.

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

27 (aa) (1) "Small employer" means an employer that, during the preceding
28 calendar year, employed an average of not more than 50 employees.

29 (2) For purposes of this subsection:

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

1 (ii) an employer and any predecessor employer shall be treated as a
2 single employer;

3 (iii) the number of employees of an employer shall be determined by
4 adding:

5 1. the number of full-time employees; and

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
25 policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or
26 after January 1, 2027.

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 January 1, 2027.