

# SENATE BILL 779

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SB 760/25 – FIN

6lr3299  
CF 6lr2201

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By: **Senator Feldman**

Introduced and read first time: February 6, 2026

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **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:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



## Article – Insurance

15–1201.

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

(i) (1) “Health benefit plan” means:

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

(ii) a nonprofit health service plan contract; or

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

(2) “Health benefit plan” includes a policy or certificate for hospital or medical benefits that covers residents of this State who are eligible employees and that is issued through:

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

(ii) a [professional employer organization,] coemployer[,] or other organization located in this State or another state that engages in employee leasing.

**(R-1) (1) “PROFESSIONAL EMPLOYER ORGANIZATION” MEANS A BUSINESS ENTITY THAT ENTERS INTO A CONTRACTUAL AGREEMENT WITH ANOTHER BUSINESS ENTITY UNDER WHICH EMPLOYER RESPONSIBILITIES ARE ALLOCATED BETWEEN THE BUSINESS ENTITIES FOR ALL OR AT LEAST HALF OF THE WORKSITE EMPLOYEES OF THE SECOND BUSINESS ENTITY.**

**(2) “PROFESSIONAL EMPLOYER ORGANIZATION” DOES NOT INCLUDE A BUSINESS ENTITY THAT:**

**(I) RECRUITS AND HIRES ITS OWN EMPLOYEES;**

**(II) FINDS OTHER ORGANIZATIONS THAT NEED THE SERVICES OF ITS EMPLOYEES;**

**(III) ASSIGNS EMPLOYEES TO CLIENTS ON A TEMPORARY BASIS TO SUPPORT OR SUPPLEMENT THE CLIENT’S WORKFORCE IN SPECIAL CIRCUMSTANCES SUCH AS EMPLOYEE ABSENCES, TEMPORARY SKILL SHORTAGES, AND SEASONAL WORKLOADS; AND**

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

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.

15-1204.1.

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

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

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

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

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

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

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

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

(iii) when the carrier ceases to meet the requirements for the exemption, the carrier provides to the Commissioner immediate notice and its plan for 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) Notwithstanding the exemption provided in paragraph (2) of this subsection, the Commissioner, in consultation with the Maryland Health Benefit Exchange:

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

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

15–1206.

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

**(1) DETAILED INFORMATION ABOUT THE BENEFITS OFFERED IN THE HEALTH BENEFIT PLAN TO THE EMPLOYEES OF THE SMALL EMPLOYER THAT ARE COEMPLOYED BY THE PROFESSIONAL EMPLOYER ORGANIZATION;**

**(2) ANY ADDITIONAL COST TO THE SMALL EMPLOYER RELATED TO THE HEALTH BENEFIT PLAN; AND**

**(3) THAT THE SMALL EMPLOYER MAY TERMINATE THE AGREEMENT WITH THE PROFESSIONAL EMPLOYER ORGANIZATION WITHIN 60 DAYS AFTER WRITTEN NOTICE OF TERMINATION OR EARLIER IN ACCORDANCE WITH THE TERMS OF THE AGREEMENT.**

31–101.

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

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

(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;

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

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

1. the number of full-time employees; and

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

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

(v) an employer that makes enrollment in qualified health plans available to its employees through the SHOP Exchange, and would cease to be a small employer by reason of an increase in the number of its employees, shall continue to be treated as a small employer for purposes of this subtitle as long as it continuously makes enrollment through the SHOP Exchange available to its employees; and

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

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

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