

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 14

(Chair, Finance Committee)(By Request - Departmental -
Maryland Insurance Administration)

Finance

**Health Insurance - Small Business Health Options Program (SHOP) Enrollment
- Effective Dates**

This departmental bill aligns Maryland health insurance law with existing federal regulations by altering the effective dates of enrollment in a Small Business Health Options Program (SHOP) Exchange plan for individuals who enroll during a special enrollment period (SEP).

Fiscal Summary

State Effect: None. The bill codifies existing practice, which reflects federal regulations.

Local Effect: None.

Small Business Effect: The Maryland Insurance Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary: If an eligible employee enrolls certain individuals in a SHOP plan during the first 31 days of an SEP, coverage must become effective on the first day of the month following receipt of the plan selection if allowed by the SHOP exchange and selected by the eligible employee.

Current Law: SHOP is a health insurance exchange designed for small employers (typically 1 to 50 employees) to provide health and dental insurance to their employees.

All small employer health benefit plans must provide an SEP during which specified individuals may be enrolled under the plan (*i.e.*, new dependents, the spouse of an eligible employee at the birth or adoption of a child).

Under current Maryland law, the effective date for coverage for a newly enrolled individual is generally the first day of the month following plan selection if the selection is made by the fifteenth day of the month or the first day of the second month following receipt of the plan selection if the selection is made between the sixteenth and the last day of the month. For example, an individual who enrolls on January 14 receives an effective date of February 1, while an individual who enrolls on January 16 receives an effective date of March 1. However, federal regulations specify that an exchange must ensure a coverage effective date of the first of the month following plan selection.

Background: The bill aligns Maryland law with federal regulations (45 CFR 156.286(b), 45 CFR 155.726(c)(5), and 45 CFR 155.420(b)), eliminating the current discrepancy in effective dates for SHOP plans. The Maryland Health Benefit Exchange advises that it currently operates the Maryland Health Connection SHOP platform in accordance with federal law and regulations.

Additional Information

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

Designated Cross File: HB 273 (Chair, Health Committee)(By Request - Departmental - Maryland Insurance Administration) - Health.

Information Source(s): Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - January 22, 2026
jg/ljm

Analysis by: Jennifer B. Chasse

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

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Health Insurance - Small Business Health Options Program (SHOP)
Enrollment - Effective Dates

BILL NUMBER: SB 14

PREPARED BY: Jamie N. Sexton
Associate Commissioner of External Affairs and Policy Initiatives

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The Maryland Insurance Administration (MIA) estimates that the proposal will have no economic impact on Maryland small businesses.