

February 7, 2020

The Honorable Senator Delores G. Kelley  
Chair, Finance Committee  
3 East Miller Senate Office Building  
11 Bladen Street  
Annapolis, MD 21401

Finance Committee, SB527, February 19, 2020, 1 pm

Dear Chair Kelley and Members of the Committee:

The Washington County Chamber of Commerce, representing 575 businesses and 40,000 employees, requests your support of SB 527, **Health Insurance - Policy of Group Health Insurance - Associations**. This legislation could potentially save our small businesses thousands of dollars and provide health insurance to thousands of Marylanders. The Washington County Chamber estimates that we would have 1000 businesses representing 52,000 employees if we were allowed to offer an Association Health Plan.

By allowing chambers of commerce and labor unions to create eligible Association Health Plans (AHPs) as defined by the U.S. Department of Labor (DOL), small businesses, owners and their employees will have access to better plans for lower rates. Since the publishing of the U.S. DOL's final rule in June 2018, dozens of chambers of commerce across the country have begun offering AHP plans and thousands of businesses are saving 20 – 40 percent on their health insurance premiums. As an example, the Las Vegas Metro Chamber has more than 600 small businesses participating in their AHP, saving an average of 44 percent on their insurance premiums.

AHPs are group health plans that employer groups and associations offer to provide health coverage for their members' employees. They allow small employers to pool their employees to gain regulatory and economic advantages available to larger employers. **THESE ARE NOT SELF-INSURED PLANS**. The plan is provided and administered by an insurance carrier such as United Healthcare, Blue Cross/Blue Shield or Aetna. The attached one-pager and FAQs provide detailed information.

Under Maryland's current law, small businesses are not allowed to pool their employees. SB 527 changes the law for pooled employees in an AHP to be rated as a large group. The bill also allows for chambers of commerce and labor unions to offer AHPs to their members.

AHPs are not allowed to cherry-pick or discriminate based on health or prior conditions, and the plans must include all of the benefits mandated by the federal government and by the State of Maryland. Important safeguards, consumer protections and healthcare antidiscrimination protections are in place.

With the costs of doing business continually rising in Maryland, Association Health Plans could significantly improve the bottom line for many small employers, their employees and sole proprietors in the State. AHPs will also help more Marylanders access health insurance. An estimated 15 million Americans who work for a small business or operate a sole proprietorship, and their families, lack health coverage. Four million Americans, including 400,000 who otherwise would lack insurance, will join an AHP by 2023, according to Congressional Budget Office Estimates.

Please support small businesses and their employees by giving a FAVORABLE report to SB527, **Health Insurance - Policy of Group Health Insurance - Associations.**

Sincerely,

A handwritten signature in cursive script that reads "Paul Frey".

Paul Frey, IOM  
President & CEO