



February 19, 2020

The Honorable Delores G. Kelley
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

Re: Letter of Information – Senate Bill 527 – Health Insurance – Policy of Group Health Insurance – Associations

Dear Chair Kelley,

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of information on Senate Bill (SB) 527 – Health Insurance – Policy of Group Health Insurance – Associations. SB 527 would allow a chamber of commerce to apply for group health insurance by altering the definition of “association” to include a labor union or a chamber of commerce. MHBE believes that this legislation may draw small businesses away from participating in the small group market in Maryland, and into association health plans that offer fewer state protections.

In 2019, the MHBE formed the SHOP Advisory Policy Sub-Committee (SHAC) to provide a forum for MHBE to engage with industry partners and stakeholders to discuss on matters related to the MHBE SHOP. The SHAC consisted various stakeholders including representatives from the Chambers of Commerce. During these meetings, MHBE discussed further efforts to expand the SHOP program, including a new plan shopping portal, considerations when developing a subsidy program for SHOP, and a preferred broker program. In addition, last Session (2019) HB 1098 authorized MHBE to submit a 1332 Waiver to allow the State to administer the federal small business healthcare tax credit subsidy to small business for month premium payments. This Session (2020) MHBE is supporting two pieces of legislation geared towards the creation of a SHOP subsidy program, as well as increased funding for the program.

MHBE has worked diligently to address the Chamber’s concerns surrounding SHOP, and hopes to continue conversations as it works to implement the new improvements. This legislation could counteract the effect of these improvements, such as a small business subsidy program, by driving adverse selection and increasing rates in the small group market. Maryland Insurance Administration (MIA) advises that the bill’s intention to repeal the Commissioner’s authority to regulate out-of-state association health plans that issue certificates to Maryland residents could lead to the purchasing of plans that do not provide the same benefits mandated in Maryland. Furthermore, the rates for such plans will not be subject to review by the Commissioner to ensure that the plans are not excessive, inadequate, or unfairly discriminatory.

MHBE staff can be made available to provide additional technical assistance on the implications of SB 527. For further discussions or questions please contact Johanna Fabian-Marks, Director of Policy and Plan Management at johanna.fabian-marks@maryland.gov.

Sincerely,

A handwritten signature in black ink that reads "Michele Eberle".

Michele Eberle
Executive Director