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**TESTIMONY OF  
THE  
MARYLAND INSURANCE ADMINISTRATION  
BEFORE THE  
SENATE FINANCE COMMITTEE**

**FEBRUARY 19, 2020**

**SENATE BILL 527 – HEALTH INSURANCE - POLICY OF GROUP HEALTH INSURANCE -  
ASSOCIATIONS**

**LETTER OF INFORMATION**

Thank you for the opportunity to provide informational comments regarding Senate Bill 527. Senate Bill 527 eliminates the Insurance Commissioner's (Commissioner) authority to regulate out of state Association plans that issue certificates to Maryland residents. By eliminating these provisions, the bill will allow Maryland small employers and residents to purchase multiple employer welfare arrangement plans (MEWA) that are issued out of state, on a large group basis, without providing the benefits mandated by the General Assembly in the small group market. Similarly, the premium rates for such plans will not be reviewed for adequacy<sup>1</sup> by the Commissioner.

Additionally, this bill would allow chambers of commerce and their member company employees to join together for the purpose of obtaining a large group health insurance rate resulting in the migration of a significant percentage of employers from the small group market to a large group association plan. Because the small employer groups with less healthy employees will have a harder time moving to an experience rated, large group association plan, the Maryland marketplace will have a smaller pool of small group plans that are community rated. Such adverse selection in the small group market could cause small group plan rates to increase. The MIA urges the committee's thorough exploration of these issues in consideration of Senate Bill 527.

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<sup>1</sup> Section § 11-603 (c) requires that the Commissioner review rates to ensure that they are not excessive, inadequate, or unfairly discriminatory.