



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of House Bill 930**

**Maryland Health Benefit Exchange - Funding for Small Business Insurance Subsidies and Outreach**

Dear Chair Pendergrass and Members of the Health and Government Operations Committee:

Small businesses have historically struggled to offer comprehensive health benefits to their employees and suffered from fluctuations in premiums. Compared to large employers, small businesses have less negotiating power with carriers and providers, restricting their access to smaller, less stable and less healthy risk pools. To address this issue, the Affordable Care Act created the Small Business Health Option Program (SHOP), which the Maryland Health Benefit Exchange (MHBE) administers in Maryland. SHOP is a program that allows small business employees to access a robust set of healthcare plans and provides federal tax credits to certain small businesses to help cover the cost.

There are still two significant barriers to SHOP participation. First, federal tax credits are not sufficient to make coverage affordable for many small businesses [Item 4]. Second, there is a lack of awareness among small businesses that the program exists [Item 3]. The MHBE only currently spends \$90,000 on SHOP outreach each year, compared to the \$3.4 million spent annually on outreach in the individual market, and fewer than 900 employees receive their coverage from SHOP.

Over the summer, Senator Katie Fry Hester convened the Senate Small Business Workgroup, which worked with stakeholders to develop a proposal to address the needs of small businesses in the healthcare space. This workgroup identified an opportunity for the state to invest in healthcare subsidies and outreach to small business, which would make healthcare more affordable and attainable for small business owners around the state and stabilize the SHOP healthcare pool for all participants.

Beginning in FY2022 and in each year following, HB930 allocates \$15 million to fund subsidies for small businesses to purchase health insurance through SHOP and an additional \$2 million to fund small business education and outreach activities. I've also submitted a sponsor amendment to:

- Establish a Small Business Health Insurance Subsidies Program, granting MHBE explicit authority to provide subsidies to small businesses
- Create an associated non-lapsing fund for the operation of small business healthcare subsidies
- Move the appropriations language to a different section of Insurance article by MHBE request

This bill will provide more coverage options for small businesses, opportunities for uninsured people to receive coverage through their employers and enable people enrolled in the individual market to shift to a lower-cost SHOP coverage. Incentivizing greater participation in the healthcare market may lead to a more stable individual market and improved health equity for all Marylanders.

Finally, I would like to acknowledge the work of Delegate Mautz, who was the lead sponsor of HB1329 and who kindly agreed to combine our bills into one piece of legislation with a common goal. HB930 as amended will both establish the Small Business Health Insurance Subsidies Program and allocate \$17 million to fund it.

I respectfully request a favorable report.