

# **AHP Testimony SACC.pdf**

Uploaded by: Chambers, william

Position: FAV



February 22, 2021

Members of the Senate Finance Committee,

On behalf of the Salisbury Area Chamber of Commerce representing more than 700 businesses and organizations, we request support of Senate Bill 621. All Chambers of Commerce encourage oversight by the Maryland Insurance Administration affording a higher level of accountability. This will insure that quality plans are offered that meet the requirements of the ACA and the State, and we plan to work with in-state insurance carriers.

Allowing Chambers of Commerce to create eligible Association Health Plans as defined by the U.S. Department of Labor, small business owners and their employees will have access to better plans at lower rates. In 2018 the Department of Labor's final rule was established which opened up the door for Chambers of Commerce across the United States to offer AHP plans and thousands of businesses can NOW offer health plans to their employees and those already providing some health plan coverage have saved 20 to 45 percent on their premiums.

All of our Chamber members have expressed their need to participate in an AHP if they were made available. These are group health plans that employer groups and associations offer to provide coverage for their members employees. They allow small employers to pool their employees to gain regulatory and economic advantages currently available to large employers. THESE ARE NOT SELF INSURED PLANS.

These plans are administered by an insurance carrier such as Blue Cross / Blue Shield, United Healthcare or Aetna.

Under Maryland's current law, small businesses are not permitted to pool their employees. SB621 changes the law for pooled employees in an AHP to be rated as a LARGE GROUP. This Bill also allows for Chambers of Commerce and labor unions to offer AHP's to their members.

Please support Maryland's small businesses and their employees by giving a FAVORABLE report to Senate Bill 621 with amendments.

Sincerely,

William R. Chambers  
*President/CEO*  
*Salisbury Area Chamber of Commerce*

**SALISBURY AREA CHAMBER OF COMMERCE**

*The Voice for Business on Delmarva*

**GCCC Testimony SB 621 - AHPs 2-24-21.pdf**

Uploaded by: Christian, Nicole

Position: FAV



Testimony offered on behalf of:  
THE GARRETT COUNTY CHAMBER OF COMMERCE

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**FAVORABLE:**  
**SB 621 – Association Health Coverage Plans**

**Finance Committee**  
**February 24, 2021**

On behalf of the Garrett County Chamber of Commerce, representing 600 member organizations in Western Maryland, I write to express our support for **SB 621 – Association Health Coverage Plans**.

Association Health Plans (AHPs) are group health plans that chambers of commerce and associations offer to provide health coverage for their members' employees. They allow small employers to pool their employees and be rated as a large group to gain regulatory and economic advantages that are available to larger employers. And, we support the Commissioner of the Maryland Insurance Administration (MIA) having complete oversight of the plans.

Small businesses want to provide good benefits to their employees, including affordable quality healthcare. However, the cost for health insurance for a small business is often too expensive and cost prohibitive. Currently, Maryland does not allow for the creation of AHPs thereby putting our small businesses at a disadvantage, unable to access quality affordable health plans like large businesses.

Passing SB 621 could radically improve the situation the healthcare situation in Maryland. This legislation could potentially save our small businesses thousands of dollars and provide health insurance to hundreds of Marylanders. SB 621 would basically allow small businesses to pool their employees through a chamber of commerce or association like a buying cooperative which would spread the risk over many people instead of the few of one business. By allowing the pool to be rated as a large group, these small businesses would have access to rich health insurance plans at affordable rates like a large business with hundreds of employees. The plans are known as Association Health Plans (AHPs).

THESE ARE NOT SELF-INSURED PLANS. The plan is provided and administered by an in-state insurance carrier such as United Healthcare, Kaiser Permanente, Blue Cross/Blue Shield or Aetna with oversight by the MIA Commissioner for eligibility and accountability.





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.

The Garrett County Chamber estimates about 500 business members would have NEW access to affordable health insurance if we were allowed to offer an Association Health Plan. Under Maryland's current law, small businesses are not allowed to pool their employees to be rated as a large group. We need to change the law so that Maryland small businesses can have access to affordable health insurance options, the same as businesses in other states across the country.

With the costs of doing business continually rising in Maryland, Association Health Plans could significantly improve the bottom line for many small employers and their employees. 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.

Small businesses have been battered by the pandemic and need all of the help they can get. At a time when access to affordable health care has never been more important, allowing the creation of AHPs would provide tens of thousands of Marylanders with health insurance.

Please help Marylanders access affordable health insurance by giving **SB 621 a FAVORABLE REPORT.**

Sincerely,

*Nicole Christian, CCE, IOM*

Nicole Christian, CCE, IOM  
President & CEO

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**SB 621 - AHP.pdf**

Uploaded by: Frey, Paul

Position: FAV



1 South Potomac Street – Hagerstown, Maryland, 21740 – 301.739.2015

February 24, 2021

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

Finance Committee, SB 621, February 22, 2021

Dear Chair Kelley and Members of the Committee:

The Washington County Chamber of Commerce, representing 550 businesses and 40,000 employees, requests your **SUPPORT of SB 621, Association Health Coverage Plans**. 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.

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.

Under Maryland's current law, small businesses are not allowed to pool their employees. SB 621 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 recent impact that COVID-19, as well as the other many 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 SB 621, **Association Health Coverage Plans**.

Sincerely,

A handwritten signature in cursive script that reads "Paul Frey". The signature is written in black ink on a white background.

Paul Frey, IOM  
President & CEO





# **Support with amendment of SB 621 - Association Hea**

Uploaded by: Ferguson, Colby

Position: FWA



# Maryland Farm Bureau, Inc.

3358 Davidsonville Road • Davidsonville, MD 21035 • (410) 922-3426

February 24, 2021

To: Senate Finance Committee

From: Maryland Farm Bureau, Inc.

## **Re: Support of SB 621 - Association Health Coverage Plans**

On behalf of our member families, I submit this written testimony in support with amendment of SB 621, legislation that specifies, for purposes of group health insurance, an “association” may include a chamber of commerce. The bill repeals application of Maryland’s small group market reforms to any health benefit plan offered by an association, a professional employer organization, or any other entity, including a plan issued under the laws of another state. The definitions of “health benefit plan” are altered to exclude certain association plans from premium rate review and to exclude a multiple employer trust or association from the requirements of the small group market.

As MDFB looks for ways to provide more services to Maryland farmers and rural businesses, affordable health care coverage is an area that has shown to be a major area of concern. We are asking to be added to the Chamber of Commerce as eligible entities to offer association health coverage plans.

## **MARYLAND FARM BUREAU SUPPORTS SB 621 WITH AMENDMENT.**

A handwritten signature in black ink, appearing to read 'Colby Ferguson'.

Colby Ferguson  
Director of Government Relations

*For more information contact Colby Ferguson at (240) 578-0396*

# **ACS CAN, ALA, and AHA - SB 621 AHP - Opposition Le**

Uploaded by: Casper, Aleks

Position: UNF



**February 24, 2021**

**TO:** The Honorable Delores G. Kelley, Chair  
The Honorable Brian J. Feldman, Vice Chair  
Members of the Senate Finance Committee  
3 East  
Miller Senate Office Building  
Annapolis, MD 21401

**FROM:** Aleks Casper, Director of Advocacy, Maryland  
American Lung Association  
aleks.casper@lung.org  
(302)983-9697 (cell)

Jocelyn Collins, Maryland and Washington D.C. Government Relations Director  
American Cancer Society Cancer Action Network  
555 11<sup>th</sup> St. NW, Suite 300  
Washington, DC 20004  
jocelyn.collins@cancer.org  
(301) 254-0072 (cell)

Laura Hale, Maryland Government Relations Director  
American Heart Association  
laura.hale@heart.org  
(336)480-4829 (cell)

**SUBJECT:** SB 621 Association Health Coverage Plans

**POSITION:** OPPOSE

Thank you for the opportunity to provide comments on SB 621 — Association Health Coverage Plans, that would expand association health plans in Maryland. The American Lung Association, American Cancer Society Cancer Action Network, and American Heart Association believe that everyone should have quality and affordable healthcare coverage. However, expanding access to association health plans (AHPs), as SB 621 does, would not provide consumers with the coverage that they need to stay healthy and would be particularly harmful for patients with pre-existing conditions like asthma, COPD, heart disease, cancer and other lung diseases.

AHPs do not provide the same robust benefit as health insurance plans in the exchange are required to cover, such as the ten essential health benefits including prescription medications and hospitalizations.

Cancer and heart disease patients have unique health needs. Comprehensive coverage is vital for all cancer patients to have access to the medications, treatments, and specialists they require to live.

These plans can discriminate against sicker patients, either denying them coverage or cherry-picking healthier consumers. Additionally, AHPs do not have to maintain basic network adequacy standards, which could result in patients not being able to get the care they need.

While AHPs are often promoted as way to expand healthcare coverage actuarial estimates of their impact suggest most AHPs will be picking up already insured customers. By 2023, 90 percent of people purchasing AHPs would already have had coverage through other means according to a 2018 CBO report.<sup>1</sup> We understand the challenges small businesses and self-employed people have in finding affordable healthcare coverage but expanding AHPs will not result in more people with healthcare that is affordable, adequate, and accessible.

We fear that SB 621 could result in more segmentation of the marketplace. Younger, healthier people would be drawn to AHPs by lower prices and less generous benefits. This could further drive-up premiums in the marketplace.

Similar plans also have a history of fraud and insolvency. If this continues, patients could pay their premiums but still not have the coverage they were promised when they get sick. This could leave patients with cancer, heart disease, and other expensive illnesses with massive medical bills or force them to forgo needed treatment.

Additionally, a federal court recently found that major portions of the Administration's recently finalized AHP regulation are unlawful. Judge John D. Bates wrote that "the [Administration's] Final Rule is clearly an end-run around the ACA. Indeed, as the President directed, and the Secretary of Labor confirmed, the Final Rule was designed to expand access to AHPs in order to avoid the most stringent requirements of the ACA."

The court remanded those portions of the rule to the U.S. Department of Labor (DOL), and while DOL may appeal the decision, it's clear that Maryland would be standing on unstable ground by expanding AHPs, as this case makes its way through the court system.

The American Lung Association, American Cancer Society Cancer Action Network, and American Heart Association are committed to working with you to expand access to quality and affordable health coverage, but association health plans are not the right solution. Therefore, we respectfully ask the Committee for an **unfavorable report** on SB 621.

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<sup>1</sup> Congressional Budget Office. Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2018 to 2028. May 2018. <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53826-healthinsurancecoverage.pdf>

**ACS CAN, ALA, and AHA - SB 621- UNFAV.pdf**

Uploaded by: Collins, Jocelyn

Position: UNF



**February 24, 2021**

**TO:** The Honorable Delores G. Kelley, Chair  
The Honorable Brian J. Feldman, Vice Chair  
Members of the Senate Finance Committee  
3 East  
Miller Senate Office Building  
Annapolis, MD 21401

**FROM:** Aleks Casper, Director of Advocacy, Maryland  
American Lung Association  
aleks.casper@lung.org  
(302)983-9697 (cell)

Jocelyn Collins, Maryland and Washington D.C. Government Relations Director  
American Cancer Society Cancer Action Network  
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Washington, DC 20004  
jocelyn.collins@cancer.org  
(301) 254-0072 (cell)

Laura Hale, Maryland Government Relations Director  
American Heart Association  
laura.hale@heart.org  
(336)480-4829 (cell)

**SUBJECT:** SB 621 Association Health Coverage Plans

**POSITION:** OPPOSE

Thank you for the opportunity to provide comments on SB 621— Association Health Coverage Plans, that would expand association health plans in Maryland. The American Lung Association, American Cancer Society Cancer Action Network, and American Heart Association believe that everyone should have quality and affordable healthcare coverage. However, expanding access to association health plans (AHPs), as SB 621 does, would not provide consumers with the coverage that they need to stay healthy and would be particularly harmful for patients with pre-existing conditions like asthma, COPD, heart disease, cancer and other lung diseases.

AHPs do not provide the same robust benefit as health insurance plans in the exchange are required to cover, such as the ten essential health benefits including prescription medications and hospitalizations.



Cancer and heart disease patients have unique health needs. Comprehensive coverage is vital for all cancer patients to have access to the medications, treatments, and specialists they require to live.

These plans can discriminate against sicker patients, either denying them coverage or cherry-picking healthier consumers. Additionally, AHPs do not have to maintain basic network adequacy standards, which could result in patients not being able to get the care they need.

While AHPs are often promoted as way to expand healthcare coverage actuarial estimates of their impact suggest most AHPs will be picking up already insured customers. By 2023, 90 percent of people purchasing AHPs would already have had coverage through other means according to a 2018 CBO report.<sup>1</sup> We understand the challenges small businesses and self-employed people have in finding affordable healthcare coverage but expanding AHPs will not result in more people with healthcare that is affordable, adequate, and accessible.

We fear that SB 621 could result in more segmentation of the marketplace. Younger, healthier people would be drawn to AHPs by lower prices and less generous benefits. This could further drive-up premiums in the marketplace.

Similar plans also have a history of fraud and insolvency. If this continues, patients could pay their premiums but still not have the coverage they were promised when they get sick. This could leave patients with cancer, heart disease, and other expensive illnesses with massive medical bills or force them to forgo needed treatment.

Additionally, a federal court recently found that major portions of the Administration's recently finalized AHP regulation are unlawful. Judge John D. Bates wrote that "the [Administration's] Final Rule is clearly an end-run around the ACA. Indeed, as the President directed, and the Secretary of Labor confirmed, the Final Rule was designed to expand access to AHPs in order to avoid the most stringent requirements of the ACA."

The court remanded those portions of the rule to the U.S. Department of Labor (DOL), and while DOL may appeal the decision, it's clear that Maryland would be standing on unstable ground by expanding AHPs, as this case makes its way through the court system.

The American Lung Association, American Cancer Society Cancer Action Network , and American Heart Association are committed to working with you to expand access to quality and affordable health coverage, but association health plans are not the right solution. Therefore, we respectfully ask the Committee for an **unfavorable report** on SB 621.

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<sup>1</sup> Congressional Budget Office. Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2018 to 2028. May 2018. <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53826-healthinsurancecoverage.pdf>

**2021 MNA SB 621 Senate Side.pdf**

Uploaded by: Elliott, Robyn

Position: UNF



**Committee:** Senate Finance Committee  
**Bill number:** Senate Bill 621  
**Title:** Association Health Coverage Plans  
**Hearing Date:** February 24, 2021  
**Position:** Oppose

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The Maryland Nurses Association (MNA) opposes *Senate Bill 621 – Association Health Coverage Plans*. The bill would create the opportunity for the establishment of certain association health plans in the State of Maryland. MNA appreciates the bill’s underlying intention to increase the number of health insurance products available to consumers. We are concerned that consumers may not realize that association health plans do not have the same protections as State-regulated private plans in Maryland. MNA has long-supported many of these State protections, such as network adequacy requirements to ensure plans have enough providers as well as enhanced coverage of preventative services.

We are committed to working with the bill sponsor and committee members to expand the number of affordable insurance options in Maryland. We ask for an unfavorable report on this bill, as we do not think it offers the right pathway to more affordable insurance in Maryland. If we can provide further assistance, please contact Robyn Elliott at [relliott@policypartners.net](mailto:relliott@policypartners.net) or (443) 926-3443.

**2021 MOTA SB 621 Senate Side.pdf**

Uploaded by: Elliott, Robyn

Position: UNF



# Maryland Occupational Therapy Association

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PO Box 131 ♦ Stevenson, Maryland 21153 ♦ [mota.memberlodge.org](http://mota.memberlodge.org)

**Committee:** Senate Finance Committee  
**Bill number:** Senate Bill 621  
**Title:** Association Health Coverage Plans  
**Hearing Date:** February 24, 2021  
**Position:** Oppose

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The Maryland Occupational Therapy Association (MOTA) opposes *Senate Bill 621 – Association Health Coverage Plans*. The bill would allow for the sale of certain association health plans in the State of Maryland. MOTA appreciates the effort to expand the number of affordable health insurance options. We have concerns about association health plans in general, as those plans do not have to comply with certain State insurance mandates. In Maryland law, there are requirements that State-regulated plans offer a sufficient level of coverage of habilitative services to children with disabilities. This coverage helps ensure that children can develop into adults who can live as independently as possible. If a plan is not regulated by the State, the plan may not have the same level of coverage for habilitative services.

We ask for an unfavorable report on this bill, but we are committed to working with the bill sponsors and committee members to expand the number of affordable insurance options in Maryland. If we can provide further assistance, please contact Robyn Elliott at [relliott@policypartners.net](mailto:relliott@policypartners.net) or (443) 926-3443.

# **ACS CAN ALA and AHA - SB 621 AHP - Opposition Lett**

Uploaded by: Hale, Laura

Position: UNF



**February 24, 2021**

**TO:** The Honorable Delores G. Kelley, Chair  
The Honorable Brian J. Feldman, Vice Chair  
Members of the Senate Finance Committee  
3 East  
Miller Senate Office Building  
Annapolis, MD 21401

**FROM:** Aleks Casper, Director of Advocacy, Maryland  
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Laura Hale, Maryland Government Relations Director  
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**SUBJECT:** SB 621 Association Health Coverage Plans

**POSITION:** OPPOSE

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We fear that SB 621 could result in more segmentation of the marketplace. Younger, healthier people would be drawn to AHPs by lower prices and less generous benefits. This could further drive-up premiums in the marketplace.

Similar plans also have a history of fraud and insolvency. If this continues, patients could pay their premiums but still not have the coverage they were promised when they get sick. This could leave patients with cancer, heart disease, and other expensive illnesses with massive medical bills or force them to forgo needed treatment.

Additionally, a federal court recently found that major portions of the Administration's recently finalized AHP regulation are unlawful. Judge John D. Bates wrote that "the [Administration's] Final Rule is clearly an end-run around the ACA. Indeed, as the President directed, and the Secretary of Labor confirmed, the Final Rule was designed to expand access to AHPs in order to avoid the most stringent requirements of the ACA."

The court remanded those portions of the rule to the U.S. Department of Labor (DOL), and while DOL may appeal the decision, it's clear that Maryland would be standing on unstable ground by expanding AHPs, as this case makes its way through the court system.

The American Lung Association, American Cancer Society Cancer Action Network , and American Heart Association are committed to working with you to expand access to quality and affordable health coverage, but association health plans are not the right solution. Therefore, we respectfully ask the Committee for an **unfavorable report** on SB 621.

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<sup>1</sup> Congressional Budget Office. Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2018 to 2028. May 2018. <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53826-healthinsurancecoverage.pdf>



**SB0621\_UNF\_OAG HEAU.pdf**

Uploaded by: O'Connor, Patricia

Position: UNF

**BRIAN E. FROSH**  
*Attorney General*

**ELIZABETH F. HARRIS**  
*Chief Deputy Attorney General*

**CAROLYN QUATTROCKI**  
*Deputy Attorney General*

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**WILLIAM D. GRUHN**  
*Chief*  
Consumer Protection Division

**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**

Writer's Direct Dial No.  
(410) 576-6515

February 24, 2021

To: The Honorable Delores G. Kelley  
Chair, Finance Committee

From: The Office of the Attorney General, Health Education and Advocacy Unit

Re: Senate Bill 621 (Association Health Coverage Plans): Oppose

The Office of the Attorney General's Health Education and Advocacy Unit (HEAU) submits the following written testimony in opposition to Senate Bill 621. This bill would remove from the definition of a health benefit plan under Section 11-601 of the Insurance Article "a certificate of health insurance issued or delivered to a Maryland resident under a contract issued to an association located in the State or any other state." This would prevent the Commissioner from regulating out-of-state Association Health Plans (AHPs) that issue certificates to Marylanders. Thus, the Commissioner would not be able to ensure that consumers who participate in these out-of-state AHPs will have the same benefits and protections that Maryland law provides for the small group market. Also, the Commissioner would not be able to review the rates for such plans and determine if the rates are adequate to prevent insolvency. The bill would also allow a chamber of commerce to purchase a group policy allowing formerly unrelated employers to band together to purchase AHPs.

AHPs have a long and notorious history of fraud, mismanagement, and deception. Over decades, Congress has legislated – including through ERISA and the ACA – to protect health care consumers from this fraudulent conduct. While the past Administration sought to relax the federal rules pertaining to AHPs – rules that our Office is currently challenging in *New York, et al v. U.S. Department of Labor* (on appeal, United States Court of Appeals for the District of Columbia Circuit – appeal in abeyance) - regulation of AHPs has been left for the most part with the states, which is good for consumers. We oppose the bill because it would remove AHPs from significant regulatory oversight by the Commissioner and would weaken the small group market to the likely detriment of consumers.

We urge an unfavorable report on the bill.

cc: Sponsor

**SB 621 - NAIFA MD\_IAB\_MAHU\_UNF.pdf**

Uploaded by: Popham, Bryson

Position: UNF

## Bryson F. Popham, P.A.

Bryson F. Popham, Esq.

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February 22, 2021

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

RE: Senate Bill 621 - Association Health Coverage Plans – Opposed

Dear Chair Kelley, Senator Edwards and Members of the Committee,

I am writing in opposition to Senate Bill 621 on behalf of our clients, the Maryland Association of Health Underwriters (MAHU), the National Association of Insurance and Financial Advisors of Maryland (NAIFA MD) and Insurance Agents and Brokers of Maryland (IA&B).

Our clients are comprised of hundreds of individuals and firms doing business in Maryland, each of whom has one or more Maryland insurance producer licenses. Many of these entities and individuals provide health insurance to small employers throughout Maryland.

This issue is not new to the Committee. Since the original enactment of Small Group Reform in 1993, under which a small group health insurance market was created for employer groups with 2 to 50 employees, there have been periodic efforts to carve out certain interest groups from the application of the law. One such example may be found on page 3, lines 6-7, which addresses the issue of professional employer organizations.

Seeking exemption from the application of the law to other groups, such as associations, would give an unfair advantage to associations and create a potentially large, undefined exception to Maryland's treatment of small employer groups, subverting an approach that has been in effect for nearly 30 years.

Our clients have worked consistently with the members of the General Assembly who have always recognized the need for rational rules of engagement in the small group market that are clear and defensible. The stability of the small group market in Maryland today is evidence that the market is working. Creating exceptions to eligibility in that market would, at this point, be potentially harmful to the entire small group market.

For these reasons, our clients listed above, and each of them, respectfully request an unfavorable report on Senate Bill 621.

Very truly yours,



Bryson F. Popham, Esq.

cc: The Honorable George C. Edwards  
[george.edwards@senate.state.md.us](mailto:george.edwards@senate.state.md.us)

# CareFirst Testimony in Opposition of SB 621 - HB 6

Uploaded by: Rivkin, Deborah

Position: UNF

Deborah Rivkin  
Vice President  
Government Affairs – Maryland

CareFirst BlueCross BlueShield  
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## SB 621 / HB 634 – Association Health Coverage Plans

### **Position: Oppose**

Thank you for the opportunity to provide written comments regarding SB 621 / HB 634 – Association Health Coverage Plans. This bill repeals the application of Maryland’s long-standing small group market reforms to any health benefit plan offered by an association, a professional employer organization, or other entity, including a plan issued under the laws of another state. **Passage of the bill would remove important consumer protections for health coverage, as well as destabilize rates in the small group market.**

CareFirst respectfully opposes the bill for the following reasons:

**Maryland residents who purchase plans in an Association Health Plan (AHP) under this legislation would lose the protections of Maryland’s Insurance laws.** The bill would repeal the Commissioner’s authority to regulate out-of-state association health plans that issue certificates to Maryland residents. Consumer protections, such as Maryland’s appeals and grievances law, Medical Loss Ratio law, network adequacy, and Unfair Trade Practices Act, would not apply to Maryland residents insured through an AHP under the legislation. Further, under this legislation, AHPs are not required to offer the same comprehensive set of benefits required of ACA-compliant plans, and they can use enhanced rating factors based on age, gender, industry, and other non-health-related factors.

**Allowing small groups to join Association Health Plans (AHPs) that do not have to meet the requirements for small groups under Maryland law will result in adverse selection, and ultimately destabilize the small group market in Maryland.** Independent experts, including the American Academy of Actuaries and the actuarial firms Oliver Wyman and Milliman, have stated that relaxing standards for AHPs and allowing AHPs to operate under a different set of rules than the ACA small group market would result in fragmented risk pools and higher prices for firms with less healthy employees due to risk segmentation.

The bill also removes AHPs issued in other states but offered in Maryland from requirements under Maryland law. If an AHP establishes itself in a state with fewer coverage requirements and less restrictive issue and rating rules and fewer consumer protections relative to Maryland, the AHP would be allowed to use that state’s requirements. Non-AHP insurance plans, however, would continue to be subject to each state’s requirements. Such a development would fragment the market and higher-cost small groups would find it more difficult to obtain coverage in the state they are domiciled.

While CareFirst strongly supports the policy goal of ensuring affordable insurance coverage for all Marylanders, this bill will lead to adverse selection, potentially leaving a smaller and sicker risk pool for the traditional insurance market and fewer plan options with higher prices for the small businesses and individuals that remain.

For these reasons, CareFirst respectfully opposes SB 621 / HB 634 – Association Health Coverage Plans. CareFirst is committed to working with policymakers on other ways to address overall affordability of health care for Marylanders.

**We urge an unfavorable report.**

### **About CareFirst BlueCross BlueShield**

*In its 83rd year of service, CareFirst, an independent licensee of the Blue Cross and Blue Shield Association, is a not-for-profit healthcare company which, through its affiliates and subsidiaries, offers a comprehensive portfolio of health insurance products and administrative services to 3.4 million individuals and employers in Maryland, the District of Columbia and Northern Virginia. In 2019, CareFirst invested \$43 million to improve overall health, and increase the accessibility, affordability, safety, and quality of healthcare throughout its market areas. To learn more about CareFirst BlueCross BlueShield, visit our website at [www.carefirst.com](http://www.carefirst.com) and our transforming healthcare page at [www.carefirst.com/transformation](http://www.carefirst.com/transformation), or follow us on [Facebook](#), [Twitter](#), [LinkedIn](#) or [Instagram](#).*

**SB621\_Association Health Plans\_Oppose.pdf**

Uploaded by: Taylor, Allison

Position: UNF





Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc  
2101 East Jefferson Street  
Rockville, Maryland 20852

February 24, 2021

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

**RE: SB 621 – Oppose**

Dear Chair Kelley and Members of the Committee:

Kaiser Permanente appreciates the opportunity to comment on SB 621, Association Health Coverage Plans. KP must respectfully oppose SB 621 for the reasons described below.

Kaiser Permanente is the largest private integrated health care delivery system in the United States, delivering health care to over 12 million members in eight states and the District of Columbia.<sup>1</sup> Kaiser Permanente of the Mid-Atlantic States, which operates in Maryland, provides and coordinates complete health care services for approximately 755,000 members. In Maryland, we deliver care to over 430,000 members.

SB 621 will increase the availability of association health plans beyond what is currently allowed in Maryland by expanding the universe of individuals and groups that are permitted to participate in them. Kaiser Permanente believes it is critically important that consumers enroll in coverage that is comprehensive, easily understood, and affordable. We support policies that strengthen Maryland's individual and small group markets. We are concerned that SB 621 will draw individuals (the self-employed) and small groups (newly able to band together and participate in the large group market) away from the existing individual and small group markets, destabilizing those markets.

Kaiser Permanente believes Maryland policy should discourage splitting markets up in this way, which creates risk selection opportunities. As association health plans may draw younger and healthier people away from the individual and small group markets, health insurance premiums for comprehensive coverage will increase. The destabilization of these markets will have a harmful impact on middle-class consumers seeking comprehensive coverage.

The Affordable Care Act (ACA) provides extremely broad access to coverage. Open enrollment gives everyone an opportunity to select a plan, with choices from bronze to catastrophic. By supporting and encouraging enrollment in the ACA individual and small group markets,

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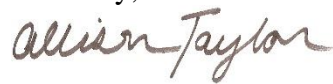
<sup>1</sup> Kaiser Permanente comprises Kaiser Foundation Health Plan, Inc., the nation's largest not-for-profit health plan, and its health plan subsidiaries outside California and Hawaii; the not-for-profit Kaiser Foundation Hospitals, which operates 39 hospitals and over 650 other clinical facilities; and the Permanente Medical Groups, self-governed physician group practices that exclusively contract with Kaiser Foundation Health Plan and its health plan subsidiaries to meet the health needs of Kaiser Permanente's members.

Maryland will give self-employed individuals and small employers very good choices for care. We believe the greater availability of association health plans would detract from the ACA markets.

We are also concerned that SB 621 would remove from the definition of “health benefit plan” in section 11-601 of the Insurance Article “a certificate of health insurance issued or delivered to a Maryland resident under a contract issued to an association located in the State or any other state.” This change would prevent the Insurance Commissioner from regulating out-of-state association plans that issue certificates to Marylanders. This means that the Commissioner would not be able to ensure that consumers who participate in these plans will have the same protections that Maryland law provides for the small group market, and would not be able to review the rates for such plans and determine if they are adequate.

Thank you for the opportunity to comment. Please feel free to contact Allison Taylor at [Allison.W.Taylor@kp.org](mailto:Allison.W.Taylor@kp.org) or (202) 924-7496 with questions.

Sincerely,

A handwritten signature in cursive script that reads "Allison Taylor".

Allison Taylor  
Director of Government Relations  
Kaiser Foundation Health Plan of Mid-Atlantic States, Inc.

**4- SB 621 -FIN- MHBE - LOI.pdf**

Uploaded by: Office of Governmental Affairs, Maryland Department of Health

Position: INFO



February 24, 2021

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

**Re: Letter of Information – Senate Bill 621 – Association Health Coverage Plans**

Dear Chair Kelley and Committee Members:

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of information on Senate Bill (HB) 621 – Association Health Coverage Plans. SB 621 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. The legislation would also reduce state protections for enrollees in association health plans by changing the definition of “health benefit plan” to exclude health insurance under a contract issued to an association. 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 Small Business Health Options (SHOP) Advisory Policy Subcommittee (SHAC) to provide a forum for MHBE to engage with industry partners and stakeholders, including representatives from the Chambers of Commerce, to discuss how MHBE could further support small businesses. 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, during the 2019 Session, 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. MHBE had to put plans to further develop the SHOP program on hold in fiscal year 2021 due to a budget reduction, but we intend to resume efforts to expand the support we offer small businesses in fiscal year 2022.

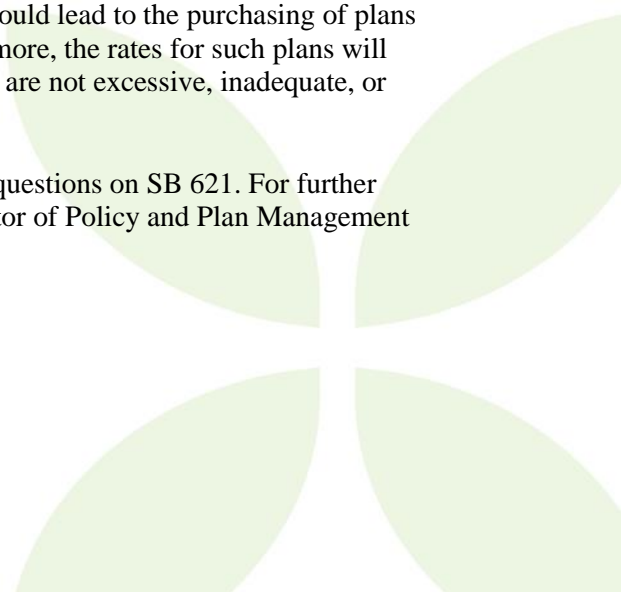
MHBE has worked diligently to improve the affordability and accessibility of health insurance in Maryland and hopes to continue working with the small business community as we move forward with improvements to SHOP. This legislation could counteract the effect of these improvements by driving adverse 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 answer any additional questions on SB 621. For further discussions or questions please contact Johanna Fabian-Marks, Director of Policy and Plan Management at [johanna.fabian-marks@maryland.gov](mailto:johanna.fabian-marks@maryland.gov).

Sincerely,

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

Michele Eberle  
Executive Director



**SB 621 LOI MIA.pdf**

Uploaded by: Paddy, Michael

Position: INFO

LARRY HOGAN  
Governor

BOYD K. RUTHERFORD  
Lt. Governor



# Maryland

INSURANCE ADMINISTRATION

KATHLEEN A. BIRRANE  
Commissioner

JAY COON  
Deputy Commissioner

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[www.insurance.maryland.gov](http://www.insurance.maryland.gov)

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

**FEBRUARY 24, 2021**

**SENATE BILL 621 – ASSOCIATION HEALTH COVERAGE PLANS**

**POSITION: LETTER OF INFORMATION**

Thank you for the opportunity to provide informational comments regarding Senate Bill 621. Senate Bill 621 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 to obtain 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.

While the MIA does not have a policy position on Senate Bill 621, the MIA urges the committee's thorough exploration of these issues in consideration of Senate Bill 621.

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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.