

MCEC T2022 HB379 .pdf

Uploaded by: Katherine Magruder

Position: FAV



I. Katherine Magruder
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Maryland Clean Energy Center (MCEC) was created as a not-for-profit corporate instrumentality of state in 2008 through an act of the Maryland General Assembly.

MCEC focuses on an economic development mission to advance the adoption of clean energy and energy efficiency products, services and technologies along with the associated jobs and wages for Maryland. MCEC leverages private capital and private sector capabilities; facilitates the commercialization of innovative advanced energy technologies; strives to reduce energy costs for consumers, and drive reductions in greenhouse gas emissions associated with the use of fossil fuels.

HB379

State Employee and Retiree Health and Welfare Benefits Program-Eligibility for Enrollment and Participation (Independent Agency Health Insurance Option Act)

Hearing Date:

- 2.15.2022 House Appropriations Committee

FAVORABLE SUPPORT REQUESTED

In order to achieve its statutorily directed mission, operating as a quasi- governmental unit of the State of Maryland, the Maryland Clean Energy Center competes with the marketplace for qualified employees. Access to a quality health care plan is one of the top considerations most applicant candidates ask about during the hiring process. MCEC wants to be able to hire and retain talent in the current competitive hiring environment so, the ability to offer such coverage as to its employees is important.

Heretofore employees of other instrumentalities of the state have been authorized in statute to participate in the health insurance benefit options offered to state employees, but MCEC employees have been among those who cannot directly access this benefit. It is unclear why some quasi-governmental units are eligible while others or not, so MCEC is requesting inclusion along with those who are already authorized in statute for this purpose.

MCEC understands that all costs associated with enrolling its employees in the state health care program must be covered by the Center along with the contributions of its employees. Consequently, other than staff time to process agreements and related documentation, there should be no significant burdensome cost to administer the directive of this legislation.

MCEC requests a FAVORABLE REPORT from this committee for HB379.

MCEC T2022 HB379 .pdf

Uploaded by: Pamela Powers

Position: FAV



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House Bill 379 Testimony MARBIDCO .pdf

Uploaded by: Steve McHenry

Position: FAV



MARBIDCO
growing rural ventures™

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Ms. Mary Shank Creek, *Chair* / Stephen R. McHenry, *Executive Director*

TESTIMONY STATEMENT

BILL: **House Bill 379** (State Employee and Retiree Health and Welfare Benefits Program – Eligibility for Enrollment and Participation (Independent Agency Health Insurance Option Act))

COMMITTEE: **House Appropriations Committee**

DATE: **February 15, 2022**

POSITION: **Support**

The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) supports House Bill 379, which would enable (but not require) the employees of MARBIDCO, the Maryland Clean Energy Center (MCEC) and the Bainbridge Development Corporation (BDC) to enroll and participate in the State's health insurance program options if the individual entity's board of directors so elected to do so. If any of these three State instrumentalities decided to participate in the State's health insurance program options, the entity would be required to pay 100% of the cost.

House Bill 379 would place these instrumentalities in the same statutory posture as 14 other statewide and regional instrumentalities of the State of Maryland (not all of whom currently participate in the State's health insurance program options). In addition, MARBIDCO believes it is likely that the Department of Budget and Management will determine that MARBIDCO is eligible under federal law to participate in the State's health insurance program options.

MARBIDCO currently has a workforce consisting of nine (9) employees. MARBIDCO does not directly offer health insurance coverage to its employees today, but it does help to subsidize the out-of-pocket costs that employees incur for their health insurance coverage up to a maximum of \$412 per month. MARBIDCO believes that having one or more quality health insurance programs available will assist in the retention of current employees, as well as aid in the recruitment of new ones.

Background Information Concerning MARBIDCO

MARBIDCO was established by the Maryland General Assembly 15 years to enhance the sustainability and profitability of the State's agricultural and resource-based industries to help bolster rural economies, provide locally produced food and fiber products, and preserve working farm and forest land for future generations. MARBIDCO is an independent public instrumentality of the State of Maryland that is required by law to become self-sustaining after Fiscal Year 2025 (with respect to its Core agri-business assistance programs).

MARBIDCO receives annual appropriations for its Core Programs (\$2.3 million), Local Farm Enterprise Food Aggregation Grant Program (\$435,000) and the Next Generation Farmland Acquisition Program (\$2.5 million). These appropriations will cease after fiscal 2025 or fiscal 2027.

MARBIDCO is governed by a Board of Directors that consists of 17 individuals who bring a wide range of perspective and experience to the Corporation’s work. These include 11 members appointed by the Governor with the Advice and Consent of the Senate, and 6 ex officio (voting) members from MDA, DNR, Commerce, RMC, Maryland Food Center Authority, and the University of Maryland Extension.

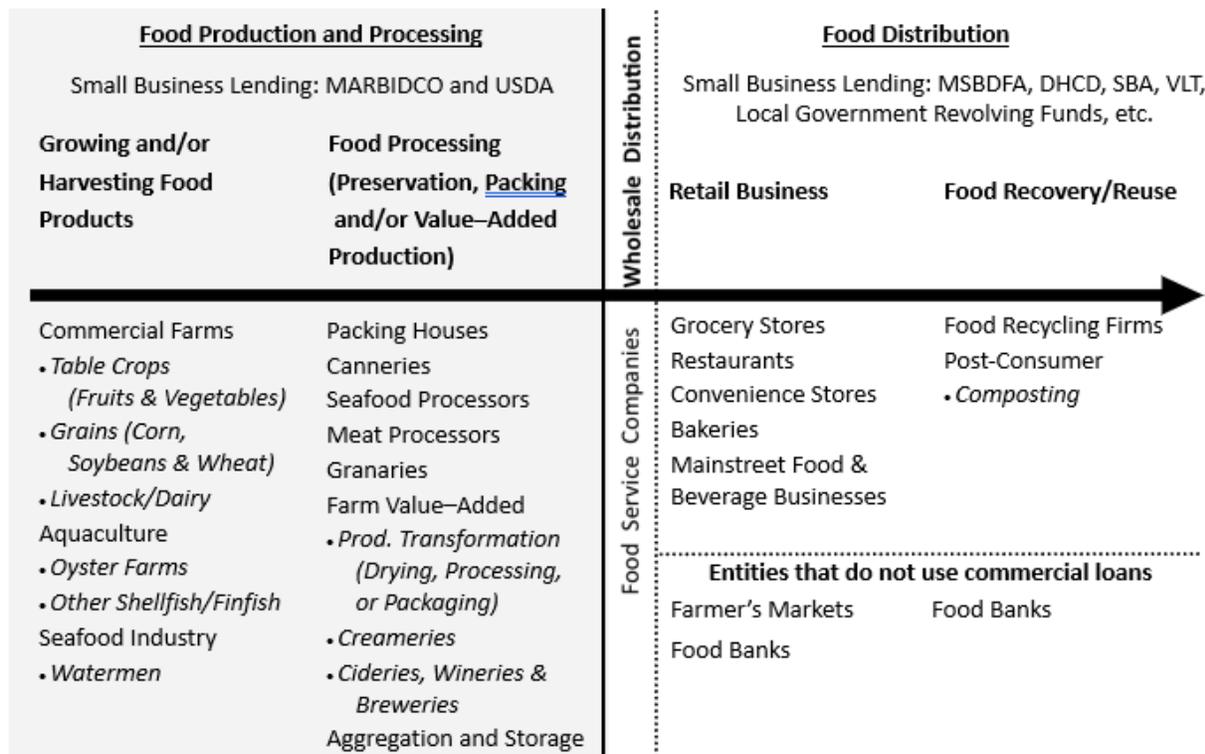
Today, MARBIDCO offers more than a dozen agricultural and rural business financial assistance programs, As a nimble financial intermediary organization, and agricultural and specialized small business lender and grants-maker, MARBIDCO has financed **1,056** farm, forestry, and seafood business projects (totaling nearly \$80 million), located in all 23 counties and in Baltimore City, since becoming operational in the spring of 2007.

More specifically, MARBIDCO has assisted with funding **277** value added food or fiber processing enterprises (\$7.1 million) and helped **541** young or beginning farmers buy their first farms or expand their business operations (\$59 million). MARBIDCO’s investment in rural business lending (\$63.5 million) has also leveraged nearly \$170 million in private commercial loan capital (approaching a 3-to-1 leverage of MARBIDCO’s debt capital). MARBIDCO has also assisted **30** “Beginning Farmers” with purchasing their first farms (\$9.0 million) and helped put 3,180 acres of good quality farmland on a path to become permanently preserved.

Below is a graphic of how MARBIDCO uniquely uses State resources in support of the commercial financing of the food system in Maryland (see the left-hand side):

Maryland’s Food System Continuum

From A Public Sector Small Business Development Finance Perspective



HB 379-Delegate Marc Korman-FWA.pdf

Uploaded by: Marc Korman

Position: FWA

MARC KORMAN
Legislative District 16
Montgomery County

Appropriations Committee

Subcommittees

Capital Budget

Chair, Transportation and the
Environment

Oversight Committee on Personnel



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Independent Agency Health Insurance Option Act (HB 379)
Testimony of Delegate Marc Korman—Favorable with Amendments

Thank you Madam Chair, Mr. Vice Chair and my colleagues on the Appropriations Committee. I come before you today to discuss the **Independent Agency Health Insurance Option Act (HB 379)**. The legislation allows three quasi-governmental agencies not already covered to buy-in to the state's health insurance program. I learned about this issue while serving as a Speaker-appointed to the Governor's State Transparency and Accountability Reform (STAR) Commission, chaired by former Appropriations Committee member Andy Serafini.

The bill allows the Maryland Clean Energy Center (MCEC), the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) and the Bainbridge Development Corporation (BDC) to opt in to the state's health insurance system if the Department of Budget and Management confirms that this is permissible under federal law. There is no net cost to the state through this bill, as the employer costs are covered by the agencies.

There are currently other quasi-government agencies that have the option to opt-in to the state plan for their employees. The Independent Agency Health Insurance Option Act simply extends that option to MCEC, MARBIDCO and BDC.

The Department of Budget and Management has requested 60 days, instead of 30 days, to conduct the review necessary to confirm that this is permissible under federal law. I believe that request is reasonable and we have requested the amendment.

MCEC, MARBIDCO and BDC are each valuable agencies and we must allow them to compete in attracting the best talent to work for the benefit our state by allowing their employees access to the state health insurance program. I urge a favorable report.

HB 379 St Health Plan - Eligibility for Enrollment

Uploaded by: Barbara Wilkins

Position: INFO



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

HOUSE BILL 379 State Employee and Retiree Health and Welfare Benefits Program - Eligibility for Enrollment and Participation (Korman)

STATEMENT OF INFORMATION

DATE: February 15, 2022

COMMITTEE: House Appropriations

SUMMARY OF BILL: HB 379 authorizes the employees of the Maryland Agricultural and Resource-Based Industry Development Corporation, the Maryland Clean Energy Center, and the Bainbridge Development Corporation to enroll and participate in the health insurance benefit options established under the State Employee and Retiree Health and Welfare Benefits Program, if the Secretary of the Department of Budget and Management determines the entity is eligible to participate in the Program. The entities pay to the State the total costs resulting from participation and determine the extent to which the entity will subsidize participation of its employees in the Program. The Secretary has 30 days from the July 1, 2022 effective date of the Act to make a determination.

EXPLANATION: Entities seeking admission to the State Employee and Retiree Health and Welfare Benefits Program must apply through the formal application utilized by the Employee Benefits Division. The formal application and supporting materials facilitate the necessary legal review to ensure compliance with all statutes governing employee benefit plans.

The Secretary of the Department of Budget and Management (DBM) has broad authority for administration of the State Employee and Retiree Health and Welfare Benefits Program (Program) and responsibility for ensuring the Program complies with all federal and State laws governing employee benefit plans under State Personnel & Pensions Article, Section 2-502, 2-503.

In order to carry out the Secretary's fiduciary duty to protect the State's health plan, governmental plan status, cafeteria plan status, and federal compliance obligations, DBM, in consultation with legal counsel, makes determinations as to which entities may participate in the State plan on a case-by-case basis. Legal analysis and determinations follow the Internal Revenue Service (IRS) guidance on governmental plan status, which sets forth criteria for determining whether an entity is an agency or instrumentality of a state. DBM, through advice of counsel, carefully and holistically considers each entity within the context of its duty to make eligibility determinations "to ensure that participation in the Program does not impede, undermine, or conflict with federal compliance obligations or government and cafeteria plan status." State Personnel & Pensions Article, Section 2-503(a)(4). Extending coverage to individuals who are not employed by a governmental entity puts the Program at risk of losing its governmental plan status.

The consequences of losing the State's governmental plan status are exceedingly burdensome, exposing the Program to onerous and costly reporting, disclosure and administrative requirements. Further, any changes to its structure as a cafeteria plan could impact the preferential pre-tax benefits for enrolled employees.

Past experience demonstrates that it would be very difficult for outside counsel to render a legal opinion on the eligibility of three entities within 30 days. It normally takes several weeks to obtain a legal opinion for one entity because of the questions and factual exchange that is required. DBM respectfully requests the 30-day requirement for the Secretary to make a determination be amended to 60 days.

**For additional information, contact Barbara Wilkins at
(410) 260-6371 or barbara.wilkins1@maryland.gov**