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TESTIMONY IN SUPPORT OF SENATE BILL 632

Maryland Health Benefit Exchange Small Business and Nonprofit Health Insurance Subsidies

Before the Senate Finance Committee

By Vincent DeMarco, President, Maryland Citizens' Health Initiative, Inc.

March 2, 2022

Chair Kelley and Members of the Finance Committee, thank you for this opportunity to testify in support of Senate Bill 632 which would help small employers be able to offer health coverage benefits to their employees. We especially thank Senator Katie Fry Hester, Vice Chair Brian Feldman, and Senator Joanne Benson for sponsoring this critical legislation.

Under your leadership, the Affordable Care Act has been a great success in Maryland, expanding health coverage to over 400,000 people and cutting our uninsured rate in half. But, there is still more work to be done. In Maryland only 37% of small employers offer health coverage to their employees compared to 95% of large employers,¹ largely due to cost. A national survey of small business owners found that lowering the costs of health care and prescription drugs was their top priority, with 73% saying it is important to their business.² The ability of employers to offer health coverage is more important than ever in the health and economic climate created by the COVID-19 pandemic.

Maryland used to have a program for small employers called the Maryland Health Insurance Partnership. However, this ended shortly after the Affordable Care Act took effect. Today there are state programs to bolster the individual market through the reinsurance program and a pilot program for young adult subsidies, but none to help small employers offer health coverage.

HB 709 would invest \$45 million/year into a five-year state subsidy program for small businesses and nonprofits with fewer than 25 full-time equivalent employees to offer employees health coverage through Maryland Health Connection, plus \$3 million/year for outreach to notify small employers about the new program. This would make a significant impact on small employers' ability to learn about and afford to offer health coverage to employees, which in turn would help small employers attract employees and keep a healthy work force. Because small businesses are more likely than large businesses to be owned by people of color and Maryland has the highest rate per-capita of businesses owned by people of color in the nation,³ this legislation would also improve health equity in our state.

Thanks to your leadership, Maryland has one of the top five health care systems in the entire nation, and SB 632 will help us continue to lead. We urge a favorable report for SB 632.

¹ Agency for Health Quality and Research. Table II.A.2 Percent of private-sector establishments that offer health insurance by firm size and State: United States, 2020. https://meps.ahrq.gov/mepsweb/data_stats/summ_tables/insr/state/series_2/2020/tia2.pdf (Accessed November 23, 2021)

² Small Business for America's Future. As Congress Debates Social Spending Bill, National Survey Shows Small Business Owners Want Action to Combat Rising Healthcare and Prescription Drug Costs. <https://www.smallbusinessforamericasfuture.org/as-congress-debates-social-spending-bill-national-survey-shows-small-business-owners-want-action-to-combat-rising-healthcare-and-prescription-drug-costs> (Accessed Feb. 10, 2021)

³ Mirabella, L. The Baltimore Sun. "Maryland ranks No. 1 in U.S. for Minority and women businesses ownership, study finds." April 18, 2018. <https://www.baltimoresun.com/business/bs-bz-minority-owned-business-maryland-20180418-story.html>