



To: Senator Feldman

02/24/2025

From: Group Benefit Strategies, LLC (Glenn Arrington)

Senate Bill 760

My name is Glenn Arrington, principal agent and owner of Group Benefit Strategies, LLC in the heart of Bel Air, MD. In Harford County. I started my Health and Life insurance career with MAMSI Optimum Choice in July of 1994 when MD went through a Health Care Reform bill providing guarantee issued policies to small groups in MD 2-50 employees in July of 1994. I have been an independent Agency owner for 20 years representing 250 small employers, 15 large employers, and 350 individuals and 200 Medicare individual clients in MD.

I'm on the board of HCCC legislative committee, Cecil County Government Relations Committee, and on the small group MHC advisory committee. And was on the small group work study bill the previous year researching potential subsidies for small group companies. So, I feel I have a good grip on the industry of MD small group and its citizens in Maryland to have competitive health insurance options in MD.

Additionally, my agency is a channel partner with several PEO's for large employer group 51+ full time equivalent employees currently with some major payroll vendors. We can offer this total bundled Human Resource Information System (HRIS) systems for these larger organizations. Large employers can go through underwriting individually or use these types of products with HRIS systems and PEO's.

However, I do not feel it is a good solution for small employers for the reasons below.

My major concerns for this regulation change to offer PEO's in small group (2-50) employees are as follows:

- 1) Competitive premiums in Small Group Guarantee Issue being able to sustain itself - fully insured carriers have a hard time keeping premiums competitive now with the current membership of only 225,000 lives insured. When at one time it was 500,000 lives. I'm concerned that they will not be able to sustain competitive premiums with PEO's that will

be pulling out the healthy groups from the pull. PEO's underwrite the small employees then place them in some cases in a fully insured large co-employer master plan so that is why they have control of healthy small groups.

- 2) Transparency – The PEO's bundle many services into one total universal master plan which includes – (payroll, health, dental, vision, disability, HR, WC, Risk management, Safety, and compliance) all in one administrative price. So, we as the broker do not have access to the cost of all of these services separately. We receive an administrative fee.
- 3) Quality of Service – Once an agent refers a small group client to the PEO the agent is not the broker of record with the insurance products. One broker controls the service of the account with the support of the major PEO vendor. The agent that the client has to rely on the PEO partner that they referred to them to service the client correctly with the enrollment process, claims issues and just overall direct relationship with the carrier.
- 4) Unbundling the total package – In order to unbundle it is very difficult to pull out pieces of the benefits and even know how much the premiums are compared to if you pull them out of a product individually. It is a difficult process to do once they are in the bundle of products.

So, my opinion as the owner and principle of Group Benefit Strategies, LLC is to be against allowing PEO's in small group for Maryland small business.

Sincerely,

Glenn Arrington

GBS, LLC