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The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: Senate Bill 760 - Better Small Business Employee Benefit Act Of 2025 - FWA

Dear Chair Beidle and Members of the Committee,

On behalf of the National Association of Benefits Insurance Professionals of Maryland (NABIP MD), I wish to express our support for Senate Bill 760, with amendments.

NABIP MD (formerly Maryland Association of Health Underwriters - MAHU) is a trade association comprised of several hundred licensed health insurance producers in Maryland who represent both businesses and individuals in analyzing their need for health insurance and advising clients on health insurance coverage and benefits. NABIP MD members have traditionally served as the representatives for small and medium-sized businesses in the negotiation of health benefit plans for the employees of those businesses.

As we have testified in the past, an important part of the services provided by NABIP MD members is assisting employer clients in evaluating the cost of benefits and coverages. In fact, NABIP MD members are often viewed as the external "human relations department" for their small business clients. They provide not only health insurance coverage for employees, but a range of related products and services as well.

Professional Employer Organizations (PEOs) have been a feature of services available to the business community for many years in the large group market. They, too, provide a range of services efficiently and effectively for their clients. At the same time, we have seen a number of health plans regulated under the federal ERISA become available in the Maryland small group market.

In Maryland, since the adoption of the small group health insurance law in 1993, various efforts have been made to change the requirement that a small employer having from 2-50 employees be served by a state-regulated health insurance plan subject to the 1993 law. A principal benefit of the 1993 law was the creation of a large pool of insured persons, constituting an actuarially reliable group through which to offer small group health insurance. Maryland has enjoyed the stability of its small group market pool since 1994.

Following those years, and often together with the Maryland Insurance Administration, NABIP MD has resisted efforts to "pierce" the small group barriers and permit other groups, such as association health plans (AHPs) and PEOs to offer insurance in this market. We did so out of a joint concern to protect the integrity of Maryland small group for those businesses and their employees who are enrolled in it. Currently, there are approximately 220,000 enrollees in the Maryland small group market.

While our concern remains, NABIP MD also recognizes that PEOs may offer valuable services. At the same time, it is incumbent upon the Maryland Insurance Administration (MIA) and this legislature to protect the small group market we have. The MIA recently conducted, at legislative direction, a study to examine the activities of PEOs. As one of its "Key Findings," the study noted that "there was a lack of reliable primary source information with regards to the activities of PEOs in the State." The inescapable conclusion from this observation is that we have little reliable information, and that

we should continue monitoring the entrance of PEOs into the Maryland small group market. We can submit amendments for consideration by the Committee or, at your direction, a letter from the Chair to the Insurance Commissioner may suffice. At the same time, we also recommend adding a two-year sunset provision to the bill with a requirement for an MIA assessment in advance of the sunset.

We should also point out to the Committee that the MIA has identified a technical error in the draft which, if uncorrected, might apply the new PEO powers under the bill to existing entities such as associations. We understand that the MIA will be offering a technical amendment on this provision.

We hope the Committee considers these to be reasonable and prudent measures to ensure that the small group health insurance market we created nearly 30 years ago can continue to serve small businesses in our State.

Very truly yours,

A handwritten signature in cursive script that reads "Bryson Popham".

Bryson Popham

cc: The Honorable Brian J. Feldman
Melissa Coles, President, NABIP MD
Kevin O'Toole, Co-Chair, NABIP MD Legislative Committee
Glenn Arrington, Co-Chair, NABIP MD Legislative Committee