



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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SENATE BILL 547 Commission to Study Health Insurance Pooling - Establishment

STATEMENT OF INFORMATION

DATE: February 12th, 2025

COMMITTEE: Finance

SUMMARY OF BILL: Senate Bill 547 seeks to establish a Commission to study health insurance pooling of public employee health insurance purchasing. The State along with counties, municipal corporations, and county boards of education would be eligible to participate.

The Commission will include a minimum of twenty-seven (27) individuals from various State Agencies and the private sector. The proposed bill states that the Secretary of Budget and Management shall serve as the chair of the Commission. The Department of Budget and Management (DBM) will also provide staff to support the Commission. Upon review, DBM expects that the requirements of this legislation could be absorbed with current resources, requiring no additional staff to be hired.

EXPLANATION:

State of Maryland Counties, Municipal Corporations and County Boards of Education are currently eligible to participate in this type of arrangement with the Program administered by DBM. Generally, these municipalities prefer to manage their own programs.

A similar study was conducted in 2019 as a result of House Bill 1400 of 2018. The Task Force to Study Cooperative Purchasing for Health Insurance was established with similar requirements. A final report was delivered on December 23, 2019 with the recommendation to include outreach to local governmental entities that are allowed to join the State's plan. Additional recommendations included the following:

1. Determine how participating local governmental entities would fall within the structure of the State's plan, how retirees can be included, and how sub-accounts would need to be configured with insurance carriers;
2. Analyze the potential costs to the State and cost savings to local government entities by the State assuming or sharing the administrative burden for any local governmental entities that join the State's plan;

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3. Share claims experience information with local governmental entities that join the State's plan and evaluate imposing a penalty for exiting the State plan to lessen the risk of adverse selection;
4. If participation by local governmental entities in the State's plan is not increased after outreach efforts are performed, consider establishment of a governing body or joint healthcare committee that would allow local governmental entities to have representation and substantive input into the plan design and procurement evaluation processes for the State's health plan;
5. Increase awareness of other options available to local government entities besides the State's plan, including the Local Government Insurance Trust, the Eastern Shore of Maryland Educational Consortium Health Insurance Alliance, and any other county, school board, or regional cooperative purchasing arrangements; and
6. Encourage local entities to combine resources and perform their own intergovernmental cooperative procurements.

Over the last three (3) years, two (2) governmental entities have joined the Program and five (5) others have inquired following regular annual outreach, but have not joined due to the cost.

Some smaller municipalities participate in the State Employee and Retiree Health and Welfare Program (the Program) as Satellite organizations. Often the municipalities are faced with significant cost increases as a result of claim experience and explore the alternative of participating in the Program.

As of January 1, 2025, there are twenty-eight (28) municipal corporations and educational organizations participating. The Department receives approximately 3-5 inquiries per year.

**For additional information, contact Dana Phillips at
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