



House Bill 1439

Date: March 11, 2025

Committee: Health and Government Operations

Position: Favorable

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

House Bill 1439 (HB 1349) would exempt health benefit plans offered through Professional Employer Organizations (PEOs) to small business clients from certain state requirements.

PEOs offer a suite of services such as payroll, HR, workers compensation benefits, healthcare and more. They act as an administrative and strategic partner to businesses, especially small and medium sized businesses who sometimes do not have the resources to administer employee benefits themselves. Outsourcing certain functions allows businesses to streamline their operations, stay compliant with employment laws and regulations, reduce administrative burdens, and save costs associated with internal management of certain benefits.

The Chamber has increasingly heard from small businesses about how, in Maryland, they cannot participate in certain PEO benefits, including aggregated health care plans. Maryland is unique in not allowing PEOs to offer aggregated healthcare plans to their clients. 47 states and the District of Columbia allow it, however Alaska, Maine and Maryland do not. **It is important to note that PEOs are not insurers, they are group purchasers.**

HB 1439 would provide an **option** for business to explore when determining whether using a PEO for health benefit administration is the right choice for them. This bill does not mandate participation but simply allows businesses the flexibility to explore PEO-provided benefits if they find it advantageous.

The Chamber recognizes the importance of open access to PEOs for small and mid-sized businesses. We also recognize the importance of ensuring appropriate safeguards for businesses that choose to utilize PEOs. Any changes to Maryland's existing PEO policies should include transparency and guardrails that protect employers while also expanding their ability to secure cost-effective health benefits, while ensuring partnership with existing health care partners in the policymaking process.

Allowing PEOs to offer aggregated health plans will provide greater flexibility and a streamlined approach to managing employee health benefits. Access to these services will enhance Maryland

businesses' ability to attract and retain talent while improving access to affordable health care options for their employees.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **favorable report** on HB 1439.

