

Health & Government Operations Committee

SB547 - Commission to Study Health Insurance Pooling – Establishment

Request: FAVORABLE

There are 3 basic methods for the State to get funds: 1) increase taxes, fees, surcharges; 2) reduce expenditures by cutting programs; 3) find efficiencies. These first two ways can be challenging. SB547 is about the third way: saving money with smart and efficient purchasing of health insurance. Identifying and implementing efficiencies in government operations is almost always a good idea. It shouldn't take a budgetary crisis for this to happen.

In 2018, the General Assembly unanimously passed, and Gov. Hogan signed, HB1400 which would allow pooling for the purpose of purchasing health insurance between the State, the counties, and the school systems. Please see the Op-Ed from March 2024, which describes this.

Now it's time to build on that with SB547, and please note that *the entire Senate Finance Committee joined lead sponsor Senator James and signed on as co-sponsors.*

Currently, the State buys health insurance for its employees, as do the 24 counties and the 24 school systems: 49 entities in all. While there is some cooperative buying here, it's minimal.

Common sense dictates that the larger the pool, the more the risk and cost is spread. That's the whole concept of insurance. Given the huge costs of health insurance, even a small percentage reduction would lead to significant savings. Generally, when buying health insurance, the bigger the purchasing entity, the better the deal.

As state legislators yourselves, if you get your health insurance through the state, you know how good it is. Why not make this available for all state, local government, and school system employees? With pooling, the likelihood is that money would be saved while improving coverage plans.

When HB1400 was introduced in 2018, about 10 states were doing this. When I last checked with NCSL (and you can ask now), over 20 states had this arrangement.

You might ask, "If this is such a reasonable idea, why hasn't it happened?" I wish I had a good answer, but several reasons have been identified. These include comfort in continuing to do business the way it's always been done and discomfort with change; fear of loss of control and local input; and vested interests with a stake in the status quo.

At the very least, each jurisdiction should do the analysis, involving all stakeholders, of cost and coverage in an open and transparent manner. There will be details to sort out, but it's not that difficult. The results will show whether this makes sense or not.

Because this approach has not been fully or properly evaluated, SB547 should be enacted so that its Commission members can clearly identify the benefits, concerns, and options to assess this common-sense pooling purchase system.

Basically, funds flow from the state to the counties and schools, and money flows into the state, counties, and schools from taxpayers. We have an obligation to be smart and efficient. Here's an opportunity now. We are all in this together as we are One Maryland. Please vote "Favorable" on SB547.

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