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Judicial Proceedings Committee  
Executive Nominations Committee

Senate Chair

Joint Committee on  
Children, Youth, and Families

THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**Testimony of Senator Mary-Dulany James  
In Support of SB 547 – Commission to Study Health Insurance Pooling –  
Establishment  
Before the House Health and Government Affairs Committee  
March 27<sup>h</sup>, 2024**

Dear Chair Pena-Melnyk, Vice Chair Cullison, and Members of the Committee,

Senate Bill 547 is a straightforward piece of legislation that establishes a commission to study the pooling of public employee health insurance purchasing between the State, counties, municipal corporations, and county boards of education in Maryland. The goal of this legislation is simple: we are trying to help find efficiencies in government to help save taxpayers money and alleviate our budget shortfall.

Maryland has a long, proud history of innovation and good stewardship of fiscal matters. Indeed, Maryland was the first state in the country to come up with and create a pooling mechanism to assist local governments. Back in the mid-1980s, Maryland enacted the Local Government Investment Pool (Maryland Annotated Code, Local Government § 17-301, et. seq.) which authorized any county or municipality to participate in the state's retirement and pensions system. Over the many decades, this has lifted the burden of administering retirement accounts for employees and enhanced the benefits and returns for employees. Senate Bill 547 is another way in which allowing local governments to pool with the state could bring about cost savings and increase the quality of benefits.

Being part of a larger health insurance pool is generally regarded as an effective way to manage risk and keep costs down. Several states have demonstrated the potential benefits of health insurance pooling, but Maryland has not yet explored this avenue for more efficient governing.

Much of the discussion surrounding Maryland's current fiscal outlook centers around either raising revenue or cutting spending. Senate Bill 547 will give us the tools to take a third option to alleviate our fiscal concerns: increasing efficiency in the arena of providing health care

coverage to government employees. Given the cost of health insurance and the number of government employees at all levels, even a small cost savings on a per-person basis could lead to significant savings for the state.

For reference, at least eleven other states have already allowed for pooling of state and local employee health insurance. (See exhibit A: report from State of Connecticut Office of Legislative Research, dated August 29, 2008, *Impact of Pooling State and Local Employee Health Insurance in Other States*).

After SB 547 was introduced, the Office of the Treasurer reached out to ask that the legislation be amended to remove their office from the workgroup due to their constrained resources. The legislation was amended to reflect this request. Senate Bill 547 subsequently received a unanimous favorable vote in the Senate Finance Committee and on the Senate Floor.

I appreciate the Committee's consideration of Senate Bill 547 and ask for a Favorable Report.

Respectfully,

A handwritten signature in black ink, appearing to read "Mary-Dulany James". The signature is written in a cursive style with a long, sweeping tail on the last name.

Senator Mary-Dulany James