



March 2, 2026

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

RE: Senate Bill 779 Insurance - Better Small Business Employee Benefit Act of 2026
UNFAVORABLE

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 strong opposition to Senate Bill 779.

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.

Last year, we testified in your Committee on a virtually identical bill, and we took a position of favorable with amendments. Our amendments to that bill would have placed strict scrutiny by the Maryland Insurance Commissioner on the practices of PEOs, with particular emphasis on any damaging effect that might result by permitting PEOs to pierce the protections afforded small employers in Maryland in our Maryland small group insurance products.

We have now had another year to examine the practices of PEOs, and we believe the risk of such damage is unavoidable. Without blaming PEOs as a class of business, we believe that some of them have developed the ability to collect and use data on the health characteristics of small employers in the Maryland small group market. Those PEOs then choose to solicit only small employers who have positive health characteristics in their employee groups. This creates an unavoidable adverse selection problem – sometimes known as "cherry-picking" of health groups. The inevitable result, over time, is that the overall health of the pool of covered individuals in Maryland small group declines. Rates will go up. And the public policy established when Maryland small group was created in 1993 will be irreparably damaged.

NABIP MD members believe in promoting policies that give all of their clients more choices. Small employers in Maryland may, if they so desire, purchase either traditional small group coverage or health plans that incorporate different levels of self-funding. Permitting PEOs to come into Maryland and place groups in health plans domiciled elsewhere and not subject to the protections of Maryland health insurance laws would be a mistake. We are proud of the protections that the Maryland General Assembly put in place for small employers in 1993. We believe those protections should remain, and that our laws should not be changed to intentionally erode the value of our Maryland small group pool.

For these reasons, we respectfully request an unfavorable report on Senate Bill 779.

Cordially,

A handwritten signature in blue ink that reads "Melissa Coles". The signature is written in a cursive, flowing style.

Melissa Coles
President

cc: The Honorable Brian Feldman