



March 4, 2026

The Honorable Pamela Beidle, Chair
Senate Finance Committee
Miller Senate Office Building, 3 West
11 Bladen Street
Annapolis, MD 21401

Testimony in Support – Senate Bill 779 – The Better Small Business Employee Benefit Act of 2026

Dear Chair Beidle and Members of the Committee:

The Maryland Minority Contractors Association (MMCA) respectfully submits this testimony in support of Senate Bill 779, which would remove statutory barriers preventing small employers in Maryland from accessing large-group health insurance coverage when they participate in a professional employer organization (PEO). This legislation is especially important for Maryland’s minority-owned and small construction firms, which face persistent barriers in offering affordable, competitive health benefits to their employees.

As this Committee knows, minority contractors are a critical part of Maryland’s construction and infrastructure workforce. Yet they disproportionately operate as micro-businesses—often with fewer than 10 employees—and therefore face:

- Higher health insurance premiums due to small-group rating rules;
- Volatile year-to-year costs that make budgeting difficult;
- Limited plan options that do not meet the needs of a diverse workforce;
- Competitive disadvantages when bidding on public and private projects that expect employer-sponsored coverage.

For many minority-owned firms, the cost of small-group coverage is simply prohibitive, leaving them with no alternatives to provide health coverage options for their employees. This creates a structural barrier to growth, workforce retention, and long-term business stability. Allowing small employers to access large-group health insurance through a PEO directly addresses these inequities by giving them more options to identify and obtain coverage options that meet their health and affordability needs.

Construction and skilled trades face chronic labor shortages. Offering health insurance is one of the most effective tools for attracting qualified workers, retaining experienced employees, and reducing turnover and training costs. For minority contractors, the ability to offer competitive benefits is essential to building a stable, long-term workforce.

Access to affordable benefits strengthens small firms' ability to scale up to meet contract demands, bid on larger public and private projects, and comply with workforce expectations in state and federal procurement. This legislation directly supports Maryland's goals for inclusive economic development and diversifying the construction industry.

Maryland's minority-owned businesses are disproportionately excluded from the employer-sponsored insurance market due to cost and negotiation barriers. Allowing PEO large-group access helps close this gap by putting these small businesses on more even footing with their larger counterparts. Minority businesses benefit from increased negotiation power and a variety of competitive options leading to more accessible coverage, like those accessed by national unions and other labor organizations. Increasing options and access to coverage is particularly important for minority-owned businesses that employ workers of color who already face significant health disparities.

This bill does not mandate coverage, alter benefit requirements, or change Maryland's small-group market structure. Instead, it provides a voluntary, regulated pathway for small employers to access more affordable coverage through an established PEO model. PEOs already manage payroll, HR, and compliance functions for thousands of Maryland businesses. Allowing them to offer large-group health insurance simply aligns Maryland with best practices used in other states and strengthens an existing workforce development tool.

For Maryland's minority contractors, access to affordable health insurance is not just a benefit—it is a business survival issue. This legislation gives small employers one more practical, cost-effective way to support their workers, compete for contracts, and grow their businesses. On behalf of MMCA, we respectfully urge your favorable consideration of Senate Bill 779.