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**Date:** January 28, 2026

**Bill # / Title:** Senate Bill 14 - Health Insurance - Small Business Health Options Program (SHOP) Enrollment - Effective Dates

**Committee:** Senate Finance Committee

**Position:** Support

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support for Senate Bill 14, which is a Departmental bill.

The Small Business Health Options Program (SHOP) is a government-run health insurance exchange designed for small employers (typically 1-50 employees) to provide health and dental insurance for their workers. It offers a flexible and affordable way for small businesses to offer benefits, and it may provide tax credits to eligible businesses that purchase insurance through the exchange.

Under current Maryland law, when employees of small employers enroll in a SHOP plan following certain special enrollment periods, the effective date depends on whether they enroll before or after the 15th of the month. Employees who enroll in the first two weeks of the month may receive an effective date for their new plan of the first date of the month following enrollment. Employees who enroll after the 2nd week of the month, however, will not receive an effective date for the new plan until the month after the following month. So, for example, an employee who enrolls after January 15 would not receive coverage until March 1 under current Maryland law.

This arrangement conflicts with recent amendments to federal regulatory requirements which specify an earlier enrollment date for Exchange plans – such as SHOP.<sup>1</sup>

Senate Bill 14 will benefit employees of small employers (businesses that have 50 employees or less) who enroll in SHOP plans by providing an earlier effective date for certain special enrollment periods. The legislation will also help small employers and their employees to avoid any confusion

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<sup>1</sup> Specified in 45 CFR 156.286(b), 45 CFR 155.726(c)(5), and 45 CFR 155.420(b) (the relevant subsections under 45 CFR 155.420 are (b)(1), (b)(2)(i), and (b)(2)(v)).

over effective dates by eliminating the discrepancy between state and federal law. It also clarifies when coverage starts after special enrollment events like pregnancy, divorce, death, or court-ordered coverage, including for plans offered through the SHOP Exchange. The proposed changes are necessary to conform existing Maryland law to certain provisions in the corresponding federal rules mentioned above that are more consumer-friendly than current Maryland law.

By simplifying the effective dates, this bill aims to reduce confusion and ensure that employees maintain continuous health coverage in the face of dramatic life changes which could alter their eligibility for coverage. Ultimately, these adjustments will create a more streamlined enrollment process that benefits both small businesses in Maryland, and their employees.

For the reasons set forth above, the MIA urges a favorable committee report on Senate Bill 14 and thanks the committee for the opportunity to share its support.