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March 24, 2026

The Honorable Pam Beidle
Chair, Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, MD 21401

House Bill 1068 –Health Insurance – Special Enrollment Period for Newly Hired Employees of Small Businesses

Dear Chair Beidle,

The League of Life and Health Insurers of Maryland, Inc. respectfully opposes *House Bill 1068 –Health Insurance – Special Enrollment Period for Newly Hired Employees of Small Businesses* and urges the committee to give the bill an unfavorable report. While we recognize the intent of this legislation to extend coverage access to newly hired employees of small businesses, we believe it creates significant operational, actuarial, and market stability risks that will ultimately harm both carriers and the consumers we serve.

House Bill 1068 would amend Section 15–1316 of the Insurance Article to require carriers to provide a new special enrollment period (SEP) for individuals who become employed by a small employer that does not offer an employer-sponsored health benefit plan. The SEP window would be 60 days from the first day of employment, with coverage beginning on the first day of the month following plan selection.

The most serious concern with HB 1068 is the heightened risk of adverse selection. Special enrollment periods, by design, attract individuals with greater-than-average health care needs who are motivated to seek coverage precisely when they anticipate needing medical services. By creating a new, broad SEP triggered merely by the act of starting employment with a small business that does not offer insurance — a category that encompasses millions of lower wage and part-time workers — this bill would open a continuous enrollment opportunity exploited disproportionately by sicker enrollees.

Unlike employer sponsored plans, which spread risk across employee pools and use employer contributions to stabilize premiums, Exchange-based coverage under this SEP would lack those safeguards. The result would be higher costs absorbed by all policyholders through premium increases.

HB 1068 conditions the SEP on an employer-completed form confirming: (a) the individual's first day of employment; and (b) that the individual was hired to work a minimum of 30 hours per week. This verification mechanism is inadequate for several reasons:

- There is no requirement that the employer attest to the ongoing absence of employer-sponsored coverage, only that none was offered at the time of hire. Coverage status may change.
- The bill imposes no audit, verification, or oversight mechanism on employers completing these forms. Self-reported employer attestations are highly susceptible to error and fraud.
- Maryland's definition of "small employer" relies on employee headcounts that can fluctuate. Carriers will have no reliable means to verify employer size in real time.
- There is no minimum employment duration or continuity requirement, meaning an individual could theoretically start, file for the SEP, obtain coverage, and leave the job within weeks.

Carriers would be required to design, implement, and manage an entirely new category of SEP eligibility, including new enrollment processing workflows, eligibility verification systems, employer-form intake processes, and coverage effective date calculations. These operational requirements would be particularly burdensome for smaller carriers and would impose non-trivial IT infrastructure and staffing costs that would ultimately be passed on to consumers through higher administrative loading in premiums.

The Commissioner is directed to develop the employer attestation form, but the bill provides no timeline for this development, leaving carriers unable to adequately plan for implementation ahead of the January 1, 2027 effective date.

Maryland carriers file premium rates with the Maryland Insurance Administration based on actuarial models calibrated to existing enrollment patterns and SEP utilization rates. HB 1068 introduces a new and poorly defined enrollment pathway with no actuarial history in Maryland. Because the bill would take effect January 1, 2027, carriers will have limited time to incorporate this new SEP into 2027 rate filings, which are typically submitted in spring 2026. This compressed timeline virtually guarantees that initial rates will be mispriced, creating financial instability and potential rate-shock in subsequent years when losses are recognized and corrected.

The League would note that individuals newly employed by small businesses that do not offer coverage are not without options under current law. Maryland participates in the Affordable Care Act's Individual Exchange with a robust open enrollment period. Newly employed individuals may have access to Medicaid or the Maryland Children's Health Program depending on income. These programs are always open, there is no open enrollment periods. Furthermore, many individuals joining small businesses without coverage may have previously maintained coverage through a prior employer, COBRA continuation, or the Exchange, and the transition simply continues existing coverage. There are already many triggers for special enrollment periods as established by the ACA which we believe make HB 1068 unnecessary. You are eligible for a SEP if you lose health coverage when you turn 26 and get kicked off your parent's insurance, if there is a change in your household (a death in the family, adopting or having a child, a divorce, etc), change in your residence, an income change that would impact your subsidy, pregnancy. We don't need to add another special enrollment period that threatens risk distribution.

The legislative problem HB 1068 attempts to solve, a gap in coverage for small-business employees, is most effectively addressed through outreach and enrollment assistance during the annual open enrollment period, not through the creation of a new year-round special enrollment pathway with inadequate guardrails.

The League and its member carriers share the goal of expanding access to quality health coverage for all Marylanders. We are committed to working with the General Assembly on solutions that broaden coverage while preserving the financial stability of Maryland's insurance markets. House Bill 1068, as currently written, does not strike that balance. For these reasons, the League urges the committee to give House Bill 1068 an unfavorable report.

Very truly yours,

A handwritten signature in black ink, appearing to read "Matthew Celentano", with a long horizontal flourish extending to the right.

Matthew Celentano
Executive Director

cc: Members, Senate Finance Committee