



Senate Bill 779

Better Small Business Employee Benefit Act of 2026

Position: Oppose

Dear Chair Beidle, Vice Chair Hayes and Members of the Senate Finance Committee,

NAIFA-MD (“The National Association of Insurance and Financial Advisors – Maryland Chapter”) appreciates the opportunity to submit testimony on SB 779. NAIFA-MD is made up of insurance agents and advisors, financial advisors and financial planners, investment advisors, broker/dealers, multiline agents, health insurance and employee benefits specialists, and more. We are the closest to the consumer and provide products, services, and guidance that increase financial literacy in our society, protect their clients against life’s inherent risks, help hard-working Americans prepare for retirement, and create financial security and prosperity so their clients can leave a legacy for future generations.

This legislation stems from a study the Maryland Insurance Administration (“MIA”) performed pursuant to requirements set forth in HB827/SB821 from 2024. Our comments on this legislation have diverted from those NAIFA-MD provided to the MIA over the 2024 interim and our testimony submitted in 2025. While we appreciate that the proponents of the bill included our suggested amendments from last year pertaining to guardrails to protect the consumer, our concern to preserve the small group market prevails this year.

Maryland’s small group health insurance market is unique to that of other states which already allow health insurance offerings through a PEO. First and foremost, Maryland has been a leader in healthcare reform in the small group market. Many of the provisions implemented by the Affordable Care Act were in place in Maryland years before its enactment.

More specifically, the MD health care reform bill enacted in 1993 and implemented in July 1994 allowed small employers to have guaranteed rates for employers with 2-50 employees. The legislation created a guaranteed issue environment and allowed carriers to submit rates in age band rate structures for companies which had a certain calculation of their overall employees and the carriers provided guaranteed premiums within these age bands.

The small group market at the height of the enrollment had over 500,000 insured lives in the small group market. It was a healthy risk pool and rate increases were moderate during those years with over 25 carriers in the market which created competitive, robust choices of carriers and plans.

Over the years, consolidation occurred and only four carriers are still in the fully insured guaranteed market (Aetna, CareFirst, United Healthcare and Kaiser). Now it is down to approximately 250,000 lives, in large part due to competition with individual plans on the exchange. Increases have ranged from about 5%-12% annually in the most recent years. The concern within NAIFA membership is that these carriers will not be able to sustain competitive rate increases with such a small pool of insured lives. We are concerned that PEO's pulling the healthy companies' employees out of the market will cause extreme pressure on this pool of MD small group fully insured lives.

Maryland is different than most states in that because we had and maintained a strong private small group market through the height of its group insurance reform process, the State has an opportunity to maintain it. Maryland, even though the private small group marketplace has been reduced, is still a viable competitive environment. Where most other states do not have the opportunity to give employers the choice of a private market, Maryland does. We need to move cautiously when introducing changes that could further reduce competition.

As such, NAIFA-MD urges an unfavorable report for SB779.