



March 11, 2021

The Honorable Shane E. Pendergrass  
House Health and Government Operations Committee  
241 House Office Building  
Annapolis, MD 21401

**Re: Letter of Information – House Bill 634 – Association Health Coverage Plans**

Dear Chair Pendergrass,

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of information on House Bill (HB) 634 – Association Health Coverage Plans. HB 634 would allow a chamber of commerce to apply for group health insurance by altering the definition of “association” to include a labor union or a chamber of commerce. The legislation would also reduce state protections for enrollees in association health plans by changing the definition of “health benefit plan” to exclude health insurance under a contract issued to an association. MHBE believes that this legislation may draw small businesses away from participating in the small group market in Maryland, and into association health plans that offer fewer state protections.

In 2019, the MHBE formed the Small Business Health Options (SHOP) Advisory Policy Subcommittee (SHAC) to provide a forum for MHBE to engage with industry partners and stakeholders, including representatives from the Chambers of Commerce, to discuss how MHBE could further support small businesses. During these meetings, MHBE discussed further efforts to expand the SHOP program, including a new plan shopping portal, considerations when developing a subsidy program for SHOP, and a preferred broker program. In addition, during the 2019 Session, HB 1098 authorized MHBE to submit a 1332 Waiver to allow the State to administer the federal small business healthcare tax credit subsidy to small business for month premium payments. MHBE had to put plans to further develop the SHOP program on hold in fiscal year 2021 due to a budget reduction, but we intend to resume efforts to expand the support we offer small businesses in fiscal year 2022.

MHBE has worked diligently to improve the affordability and accessibility of health insurance in Maryland, and hopes to continue working with the small business community as we move forward with improvements to SHOP. This legislation could counteract the effect of these improvements by driving adverse selection and increasing rates in the small group market. Maryland Insurance Administration (MIA) advises that the bill’s intention to repeal the Commissioner’s authority to regulate out-of-state association health plans that issue certificates to Maryland residents could lead to the purchasing of plans that do not provide the same benefits mandated in Maryland. Furthermore, the rates for such plans will not be subject to review by the Commissioner to ensure that the plans are not excessive, inadequate, or unfairly discriminatory.

MHBE staff can be made available to provide additional technical assistance on the implications of HB 634. For further discussions or questions please contact Johanna Fabian-Marks, Director of Policy and Plan Management at [johanna.fabian-marks@maryland.gov](mailto:johanna.fabian-marks@maryland.gov).

Sincerely,

A handwritten signature in black ink that reads "Michele Eberle".

Michele Eberle  
Executive Director