

February 1, 2023

The Honorable Melony G. Griffith
Chair, Senate Finance Committee
Senate Office Building, 3 East
11 Bladen St.
Annapolis, MD 21401

Re: Letter of Support – SB 59 – Maryland Health Benefit Exchange – Special Enrollment Period and Marketing

Dear Chair Griffith and Members of the Senate Finance Committee:

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of support for Senate Bill (SB) 59 – Maryland Health Benefit Exchange – Special Enrollment Period and Marketing. SB 59 would allocate \$5 million annually to MHBE for five years beginning fiscal year 2025, for marketing, outreach, and programs to facilitate small business and nonprofit employers’ and their employees’ enrollment in health insurance coverage. The bill would also create a 60-day Special Enrollment Period in individual market plans offered through Maryland Health Connection for individuals who become employed by a small employer that does not offer an employer-sponsored health benefit plan.

MHBE appreciates the General Assembly’s interest in small employer initiatives and would respectfully request the committee to consider flexibility in the amount of funds appropriated for these small business initiatives. MHBE is committed to implementing these initiatives and can work closely with the Maryland Department of Budget and Management, to determine the level of funding that is sufficient to carry out the intent of this legislation.

Pursuant to SB 632 of the 2022 legislative session, MHBE convened a workgroup to study and make recommendations on the efficacy of establishing a “Small Business and Nonprofit Health Insurance Subsidies Program” to provide subsidies to small businesses and nonprofit employers. The workgroup members included a diverse group consisting of small business owners and employees, representatives of health insurance carriers, health insurance producers, and consumer advocates. The findings from the workgroup ultimately concluded that a small business subsidy program is not cost-effective in the current environment because of the affordability of premiums in the individual market, largely due to the enhanced federal premium tax credits under the American Rescue Plan Act along with the State Reinsurance Program. Instead, the Workgroup recommended that the legislature ensure MHBE has funding sufficient to significantly expand and develop targeted marketing and outreach to small employers and their employees to educate them about current coverage options in both the small group and individual health insurance markets.¹

Despite consistent outreach efforts and growing consumer familiarity with the enrollment process, approximately 248,000 individuals eligible to enroll through Maryland Health Connection continue

¹ Maryland Health Benefit Exchange: Small Business and Nonprofit Health Insurance Subsidies Program Work Group, [Final Report to the Legislature](#) (2022).

to lack coverage, including approximately 182,000 eligible for Medicaid or federal financial assistance.² Moreover small businesses, in Maryland defined as one with between 1 and 50 employees,³ offer health insurance to their employees at persistently low rates and represent a significant portion of all private sector businesses in the state (77.4 percent as of mid-2021, totaling around 135,000 businesses operating with between 1 to 49 employees).⁴ Just 28 percent of employers with less than 10 employees in the state reported offering their employees health insurance in 2020, compared to 60 percent of Maryland businesses employing 10 to 24 people and 94.7 percent of Maryland businesses employing 50 or more people.⁵

Additional funds to develop marketing, outreach, and programs to small employers would enable MHBE to implement targeted strategies to engage with small businesses, nonprofit organizations, and authorized producers to help ensure that small employers and employees are educated about their coverage options and enroll in the option that is the best fit for them. The enhanced federal subsidies in the individual market are still relatively new and many small employers and employees may be unaware of the affordability of individual market coverage.

MHBE would leverage partnerships with authorized producers, who are trusted messengers to the small business community, to provide workshops, trainings and events targeted specifically to small employers and employees who are seeking health insurance, with a focus on those most likely to be uninsured. In addition, outreach could include messaging directed to small employers through digital advertising, business news platforms, promotional flyers, and branded materials. Such a marketing and outreach program could both help to reduce the overall uninsured rate in the state and support Maryland small businesses in attracting and retaining employees by ensuring that their employees have the coverage they need to remain healthy and competitive.

For further discussions or questions on SB 59, please contact Johanna Fabian-Marks, Director of Policy and Plan Management at johanna.fabian-marks@maryland.gov.

Sincerely,



Michele Eberle
Executive Director

² Kaiser Family Foundation: [Distribution of Eligibility for ACA Health Coverage Among the Remaining Uninsured \(2021\)](#).

³ ACA §1304; 42 USC § 18024(b)(2); MD Code Ann., Ins. Art. §31–101(aa).

⁴ Maryland Department of Labor, Maryland Quarterly Census of Employment and Wages: Employment and Wages by Size of Reporting Unit (2021) Retrieved from <http://www.dllr.maryland.gov/lmi/emppay/tab2md32021.shtml>

⁵ Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends: 2020 Medical Expenditure Panel Survey - Insurance Component. (2020). Retrieved from https://meps.ahrq.gov/data_stats/summ_tables/insr/state/series_2/2020/tiia2.pdf