



MHBE

Small Business Programs Advisory Committee

November 30, 2022

1:00PM – 3:00PM

Via Google Meets

Members Present:

Rob Cohen

Rob Poli

Al Helfenbein

Jon Frank

Glenn Arrington

Mark Khatib

Rick Weldon

Brandon Burbage

Vennard Wright

Kimberly Prescott

Ileana Gonzales

Cynthia Levitt

Michael Rachesky

Neil Bergsman

Daniel Koroma

R. Nicole Sharp

Richard Hughen

Staff

Makeda Hailegeberel

Andrew Ratner

Amelia Marcus

Theresa Battaglia

Betsy Plunkett

Johanna Fabian-Marks

Kimberly Edwards

Nicole Edge

Members of the Public

Catherine Grason

Welcome and Message from MHBE Leadership

Makeda Hailegeberel, Small Business Programs Manager at the Maryland Health Benefit Exchange (MHBE), welcomed attendees and reviewed the agenda.

Andrew Ratner, Chief of Staff at MHBE, presented a message from MHBE leadership. He thanked the Committee's members for agreeing to participate. He shared background on Maryland's progress in reducing the number of uninsured Marylanders since the passage of the Affordable Care Act (ACA), noting that 2022 saw the Maryland Health Connection (MHC) achieve new highs in overall enrollment, new enrollees, and young adult enrollees. He discussed the success of innovations in the individual market, including the Easy Enrollment data-sharing partnership, and Maryland's progress toward closing health coverage equity gaps by increasing the number of Black and Hispanic Marylanders enrolled in health insurance. Mr. Ratner continued by sharing measures that have been improved by the ACA's implementation in Maryland, including the number of people with a personal doctor, the number of people eligible for smoking cessation coverage, use of rehabilitation by young adult trauma patients, and the number of uninsured children in the state. He noted that Maryland is a leader among states in many of these measures.

Next, Mr. Ratner described the issues that remain to be addressed. He stated that nearly 400,000 Marylanders do not have health insurance, almost half of whom are eligible for Medicaid or financial assistance but have not taken the steps to apply. He described the demographics of these uninsured Marylanders: rates of uninsurance are highest in Western Maryland and the Lower Shore, while the highest numbers of uninsured Marylanders are located in the Washington, D.C. suburbs of Prince George's and Montgomery Counties. Young adults and undocumented immigrants are disproportionately represented among the uninsured, and the latter are ineligible to receive coverage through MHC. State health authorities have struggled to lower Maryland's uninsurance rate below 6 percent. Gains in MHC and Medicaid enrollment have been offset by drops in employer-sponsored coverage.

Mr. Ratner closed by noting that many of the approximately 37 percent of Marylanders who work for a small business do not have access to employer-sponsored coverage; he commented that there are opportunities for innovations in that area to improve the availability of coverage for these individuals.

Member Introductions

Members of the Committee introduced themselves and shared their affiliations.

SBPAC Charter

Ms. Hailegeberel discussed highlights of the Committee's charter. She explained that the Committee's purpose is to facilitate discussion about operational, policy, and technical integration points between MHBE and relevant stakeholders. There are 21 members, and MHBE recommends two-year terms, with the exception of carrier representatives. Meetings will be held on the last Wednesday of each month. There will be two Co-chairs. Finally, Ms. Hailegeberel communicated that the Small Business Health Options Program (SHOP) has been rebranded to MHC for Small Business.

MHBE Small Business Background

Next, Ms. Hailegeberel presented background information related to MHBE's small business responsibilities. Detailed slides are available in the presentation for this meeting. She shared MHBE's guiding principles and its purposes. Among the organization's purposes, Ms. Hailegeberel highlighted its responsibility to assist qualified employers in facilitating the enrollment of their employees in qualified health plans.

History of MHC for Small Business Programs & MD Small Business Environment

Ms. Hailegeberel reviewed the methods that MHBE has used to fulfill its small business responsibilities thus far. A detailed timeline of MHBE's small business efforts is available in the presentation for this meeting. An MHC enrollment portal for small businesses was envisioned in 2020, and MHBE is moving toward implementing it by Fall 2024. Ms. Hailegeberel explained that an employer choice model would allow employers to offer one or more plans from one insurance company, while an employee choice model involves designating up to two metal levels of coverage and allowing employees to choose between plans from any carrier at that metal level.

Ms. Hailegeberel explained that there are currently 68 plans from four carriers on MHC for Small Business. Ancillary benefits, including Dental and Vision plans, are not available on MHC for Small Business; issuers cited low enrollment, past experiences, and the workload investment required as reasons for their non-participation.

Ms. Hailegeberel then reviewed the qualification requirements and parameters of the Federal SHOP Tax Credit meant to incentivize small businesses to offer their employees coverage. To qualify, businesses must be located in Maryland, have fewer than 25 full-time equivalent employees (FTEs), and pay average annual wages of less than \$56,000. Ms. Hailegeberel clarified that part-time employees can add up to equal an FTE. Employers pay a uniform percentage of premiums for all employees. The maximum tax credit is 50% of premium payments, or 35% for tax-exempt organizations, and the amount received is based on a sliding scale wherein the credit amount increases for smaller businesses. The credit is available for two consecutive taxable years. Employers can claim a business expense for premiums in excess of the credit.

Ms. Hailegeberel opened the floor for discussion on the following questions: *What can MHBE do to simplify the Small Business Tax Credit process to improve access for producers and small businesses/nonprofits?*, and *Are there other challenges MHBE should be aware of?*

Jon Frank stated that many employers determine that the SHOP Tax Credit is not worth the process involved in applying, especially given the 50% required employer contribution. He noted that his experiences show that, while employers usually make a contribution to group plans they purchase, the requirement to do so is a deterrent. Additionally, he remarked that the tax credit amount and the two-year limit are issues.

Ms. Hailegeberel explained that MHBE is limited in its ability to change the rules surrounding the SHOP Tax Credit, as it is handled federally. She noted that there may

be room for improvement in the way the process is explained on MHBE's site and marketing materials.

Rob Cohen commented that the initial rollout of the SHOP Tax Credit was largely unsuccessful and suggested that it could be introduced through brokers and TPAs. He noted that having general agencies involved may help independent brokers.

Glenn Arrington agreed with Mr. Cohen, adding that there was a significant workload involved in determining clients' eligibility for the credit only for many of them not to be eligible. He noted that it was similarly time-consuming to enroll eligible clients in the credit. Some of Mr. Arrington's clients have also voiced discontent about the two-year limit on receiving the subsidy. He remarked that he only ever had two clients enroll, while most of his clients have fifteen or fewer employees.

Ms. Hailegeberel noted that the sliding scale credit amount decreases if there are more than ten employees paid more than \$27,000.

Michael Rachesky argued that the \$27,000 limit on employee salaries, above which the tax credit amount is reduced, is too low. He stated that employee cost sharing for health insurance may range from five to ten percent of their income, a significant portion for someone with income near \$27,000. He also noted that employees at that income level may participate at low rates because the plans they can afford will not offer them much benefit; it may be cheaper for them to pay their medical bills directly. He contended that raising the threshold above which the tax credit amount is reduced and providing additional subsidies to low-income employees could help them afford insurance.

Mr. Arrington remarked that, for low-income individuals, receiving federal subsidies and tax credits on the individual market through MHC is easier and more advantageous than having an employer-sponsored plan and the SHOP Tax Credit.

Mr. Rachesky agreed with Mr. Arrington and stated that it would be helpful to have a better understanding of the demographics of the six percent of Marylanders who are uninsured.

Daniel Koroma added that it would also be helpful to know what industries have a higher percentage of uninsured employees so as to strategize about how to engage those industries.

Mark Khatib agreed with all of the comments made so far, noting that families with low incomes already qualify for other assistance. He argued that employers that employ low-income individuals understand that withholding any amount from employees' paychecks is not feasible. He suggested simplifying the process, as submitting the materials to qualify for the SHOP Tax Credit may be overwhelming for small employers. He also suggested that changing the tax credit amount or the threshold above which the credit amount.

Mr. Arrington agreed with Mr. Khatib that most uninsured Marylanders probably qualify for Medicaid and would be unable to pay almost any amount toward health insurance.

Neil Bergsman voiced his agreement with Mr. Khatib's call for simplifying the process. He noted that nonprofit executives in particular must deal with many moving parts and would benefit from the most simplicity possible.

Ms. Hailegeberel described the landscape of small businesses in Maryland. Detailed charts from the US Small Business Administration's *2022 Maryland Small Business Economic Profile* can be found in the presentation for this meeting. She noted that the industries containing the most small businesses in Maryland are Professional, Scientific, and Technical Services; Transportation and Warehousing; Health Care and Social Assistance; and Construction. She noted that Maryland defines a small business as having between 1 and 50 employees. There has been a sharp decline in enrollment through MHC for Small Business, with just 117 active groups and 645 covered lives as of August 30, 2022. Ms. Hailegeberel explained that there are several reasons for this decline, including the existence of a robust off-exchange small group market, a lack of resources and guidance for small businesses and producers, a lack of awareness of the SHOP Tax Credit program, features of the program that served as deterrents, the paperwork burden on employers, and prioritization of resources for the individual market.

Ms. Hailegeberel continued, explaining that rates in the small group market have increased, with a larger jump in rates in 2023 than in prior years. She shared the results of a national survey in which small employers cited a lack of choices in health care plans, a lack of clear information on how to choose the best plans, and the paperwork involved as barriers to offering health insurance to their employees.

Ms. Hailegeberel then moved on to presenting three next steps for MHBE's Small Business Program that have been approved by MHBE leadership. Step 1 is to build an in-house portal that will function as a one-stop shop, offering end-to-end shopping, tax credit eligibility determinations, enrollment, support, and billing aggregation. Step 2, undertaken pursuant to the recommendations of the Small Business & Nonprofit Health Insurance Subsidy Program (SBNHISP) Workgroup, is to engage in enhanced outreach marketing, along with more support and incentives for businesses offering their employees health insurance. Step 3 is to integrate Individual Contribution Health Reimbursement Accounts (ICHRA) and Qualified Small Employer Health Reimbursement Arrangements (QSEHRAs) into MHC for Small Business, working with an ICHRA administrator to allow small employers to help enroll their employees in these plans through the portal. The Committee will spend one meeting discussing each of these steps in depth, respectively.

Mr. Arrington commented that Step 3 may raise issues regarding compliance with the Employee Retirement Income Security Act. He noted that employers may feel a lack of control over these plans and that employees may not be able to enroll during several

months where they would be allowed to enroll in a true employer-sponsored plan and would not have a ninety-day wait period built in, which may be problematic.

Ms. Hailegeberel responded by acknowledging the validity of Mr. Arrington's point about the ninety-day wait period but arguing that an employer setting up an ICHRA plan would count as a qualifying life event, allowing employees to enroll. She asked for confirmation that this is what Mr. Arrington meant. Mr. Arrington responded in the affirmative and shared an example wherein a client wanted to add a new hire to an ICHRA policy but could not because the employee did not have a qualifying loss of coverage event. He noted that this is particularly an issue for employees who are hired but were previously uninsured, as there would be no loss of coverage, and they would have to wait until the following year to enroll.

Ms. Hailegeberel asked whether adding someone being hired to a small business as a qualifying life event would fix the issue. Mr. Arrington replied that it might fix the issue but that he is unfamiliar with the regulations in place, indicating that some of the regulations meant to prevent adverse selection may present barriers to this fix.

Johanna Fabian-Marks, Director of Policy and Plan Management at MHBE, commented that being newly eligible for an ICHRA plan qualifies someone for a special enrollment period (SEP), so new hires would qualify for an SEP to enroll in an ICHRA plan. She noted that this was a recent addition to state regulations.

Mr. Frank suggested that members of the Committee receive the report produced by the SBNHISP Workgroup to familiarize everyone with that Workgroup's discussions. He highlighted the difference between the highly subsidized individual market and the small group market, whose rates are escalating. He noted that an employer's new offer of coverage through a small group plan could disqualify individuals from receiving subsidies on the individual market, which could result in higher costs for employees.

Ms. Hailegeberel noted that she will send out the Workgroup's report after today's meeting.

MHC Small Business Marketing Strategies

Theresa Battaglia, Small Business Outreach Manager at MHBE, introduced herself. She presented on the marketing strategies that MHBE will employ to improve outreach for its Small Business Program. Detailed slides are available in the presentation for this meeting. She noted that the goals of the plan include partnering with small businesses, educating employers and employees on benefits, strengthening relationships with producers and stakeholders, streamlining the application process, and increasing small business enrollment. MHBE will create partnerships with small businesses by attending conferences and networking events and through follow-up, and it will hold regional meetings to promote MHC for Small Business to increase awareness and networking opportunities among small businesses.

Ms. Battaglia explained that she has begun partnering with the Governor's Office of

Small, Minority & Women Business Affairs, with the goal of establishing webinars and conferences. She noted the value of partnering with other state agencies including the Maryland Department of Labor and the Maryland Insurance Administration to run regular webinars and virtual meetings wherein small businesses learn directly about MHC for Small Business. She also noted the Maryland Department of Transportation's Minority Business Affairs Department as a potential partner, as MHBE could use their small business conferences as opportunities for outreach. Finally, she suggested a partnership with the Maryland Business Express, a web portal for businesses to register and access resources; she noted that a line mentioning MHC for Small Business could be added to the "Start your business" items on the site.

Ms. Battaglia welcomed feedback from the Committee on MHBE's outreach approach. She explained that MHBE will be working with its ad agency to develop paid, targeted digital advertising through major social media platforms and on Google. She closed by indicating that a fuller marketing plan is forthcoming.

Small Business & Nonprofit Subsidy Recommendations Implementation

Next, Ms. Hailegeberel presented a brief overview of the SBNHISP Workgroup's charge and the recommendations on which the Workgroup arrived. The final recommendations were as follows: 1. State government should allocate \$2-4 million per year to MHBE for training, marketing, and outreach to educate small employers and their employees on health insurance options on- and off-Exchange for a minimum of three years; 2. MHBE should re-engage stakeholders to discuss the possibility of a small business and nonprofit premium subsidy in the future if it appears likely that the enhanced advance premium tax credits (APTCs) in the individual market will expire; and 3. Financial incentives should be provided for small employers and nonprofits hosting events to help their employees obtain coverage, and MHBE should provide special branding to employers who take advantage of the opportunity.

To fulfill these recommendations, MHBE plans to establish a portal through which small businesses and nonprofits can submit their interest in working with a producer to host an educational and enrollment event and distribute collateral that helps employees understand their health insurance options, apply for reimbursement for the event costs, and receive MHBE branding upon completion of the program showing their support for employee health insurance coverage.

Ms. Hailegeberel presented on the challenges and opportunities facing small businesses. She shared a chart showing the percentages of employees who are eligible for enhanced APTCs by employer size and industry among the industries with the most eligible employees in Maryland. Detailed slides are available in the presentation for this meeting. Ms. Hailegeberel then opened the floor for discussion on how best to address the unique needs of employers and producers in the small group market, the challenges facing these stakeholders, what data would be helpful for the Committee to have for future meetings, and the number of small group plans offered through MHC. She also encouraged discussion about other topics of interest for Committee members.

Mr. Arrington stated that MHBE should direct its efforts primarily toward the uninsured in Maryland. He expressed concern over the prospect of small employers who already have insurance being moved to MHC and indicated that, while moving consumers to the MHC platform may be helpful for some, many uninsured Marylanders are eligible for Medicaid but are not aware that they are, while many others will not buy health insurance regardless of what portion of premiums their employers pay. He expressed a preference for allowing insured consumers to receive the tax credit without moving them from the existing, off-Exchange small group market.

Mr. Arrington added that one difficulty involved in prioritizing ICHRA plans is that there are not nearly as many individual plans as there are small group plans. He noted that carriers would need to be involved to remedy this issue.

Ms. Hailegeberel commented that consumers can buy ICHRA plans off-Exchange as well as on. She asked whether Mr. Arrington means to say that there are also not enough individual plans off-Exchange. Mr. Arrington replied that the plans are the same on- and off-Exchange in the individual market, contrasting the relatively low number of plans with the many options available for each metal level in the small group market. He noted that small group policies offer more control through the various options.

Ms. Hailegeberel remarked that the Committee will seek to address the issues that Mr. Arrington raised.

Mr. Frank identified the rate of increase in premiums for small group plans as one of the major challenges facing producers and small businesses. He contrasted this rise in premiums with the individual market, which he characterized as less expensive and declining in cost. As such, he noted that the loss of employees to the individual market is a challenge.

Kimberly Prescott spoke from her experience purchasing benefits for her company as a small business owner: she remarked that the spreadsheet of Maryland brokers that one can navigate to from the "How to Enroll" page on MHC was huge and overwhelming. She commented that the system is currently unhelpful for small business owners unfamiliar with health insurance benefits, noting that one is unable to input their needs to receive a more curated list of brokers who could help. She added that she contacted several brokers listed on the spreadsheet and received no response.

Ms. Hailegeberel stated that she has heard feedback similar to Ms. Prescott's many times since starting in her position at MHBE.

Mr. Rachesky reiterated that low-income employees are limited in their options by what plans they can afford. He also noted that, due to the lack of a human resources department at many small businesses, carriers must be especially knowledgeable about their products to provide brokers for these businesses with personalized plan recommendations. He remarked that adding more plans to MHC for Small Business

may not be helpful, as more plans may just contribute to consumers who are plan shopping feeling overwhelmed.

Ms. Hailegeberel commented that MHBE offers employer choice and employee choice, noting that offering employee choice with two metal levels and all four carriers can make it overwhelming for employers to keep track of their employees' plans. She indicated that the MHC for Small Business platform will prioritize communicating to employers clearly what options are available. To Mr. Rachesky's point about a large number of plans being overwhelming for consumers, Ms. Hailegeberel stated that she raised the question for discussion because reducing the number of plans currently available for each carrier may make plan shopping presentations easier for employers, employees, and brokers.

Mr. Arrington acknowledged Ms. Prescott's grievances about the large spreadsheet full of brokers but argued that all brokers should have the opportunity to receive clients. He expressed concern about brokers losing clients as they are churned to the MHC platform. He suggested that, for any employers with an existing off-Exchange plan who are considering a plan through MHC for Small Business, their broker should be notified that they are considering this plan. He stated that he had a similar concern regarding federal subsidies previously and that he was told it could not be guaranteed that the broker would be notified.

Next Steps

Ms. Hailegeberel went over next steps for the Committee. She encouraged Committee members to send Co-Chair nominations over email, indicating that members can nominate themselves. The Committee will vote on Co-Chairs at the next meeting. The Committee will also vote at the next meeting to approve the Small Business Programs Advisory Committee Charter, which was sent out previously. The agenda for the next meeting will be based on the points brought up in the discussion at this meeting.

Ms. Hailegeberel then proposed that the next meeting be held on January 4, 2023. All other meetings moving forward will be held on the last Wednesday of each month.

Public Comment

None offered.

Adjournment

The meeting adjourned at 2:50 PM.

Chat Log