

Small Business Programs Advisory Committee (SBPAC)

Meeting 1: November 30, 2022

Maryland Open Meetings Act disclaimer: Meetings are recorded and posted on MHBE's website along with meeting minutes and presentation slides



Welcome & Introductions

Agenda

- 1:00 - 1:10** **Welcome and Message from MHBE Leadership**
Mimi Hailegeberel, Small Business Programs Manager
Andrew Ratner, Chief of Staff
- 1:10 - 1:30** **Member Introductions**
- 1:30 - 1:40** **MHBE Small Business Background**
Mimi Hailegeberel, Small Business Programs Manager
- 1:40 - 2:10** **History of MHC for Small Business Programs & MD Small Business Environment**
Mimi Hailegeberel, Small Business Programs Manager
- 2:15 - 2:25** **MHC Small Business Marketing Strategies**
Theresa Battaglia, Small Business Outreach Manager
- 2:25 - 2:30** **Small Business & Nonprofit Subsidy Recommendations Implementation**
Mimi Hailegeberel, Small Business Programs Manager
- 2:25 - 2:50** **Discussion**
- 2:50 - 3:00** **Public Comment**

Members

Member	Affiliation	Member	Affiliation
Rob Cohen	Alliance Benefits, LLC	Vennard Wright	Wave Welcome
Rob Poli	BenefitMall	Kimberly Prescott	HR Prescott
Cynthia Hipwell	Aetna	Ainisa Broadway	Small Cakes Maryland, LLC
Alvin Helfenbein	Helfenbein Insurance Agency	Richard Huguen	Linshom Medical, Inc
Jon Frank	Small Business Insurance Advisor	Sandy Walters	Kelly Benefits
Glenn Arrington	Group Benefit Strategies, LLC	Cynthia Levitt	CareFirst BCBS
Mark Khatib	Employee Benefits Corporation of America (EBCA)	Ileana Gonzales	AP Benefits dba IMC
R. Nicole Sharp	Griffin Consulting Partners, LLC	Michael Rachesky	United Healthcare
Rick Weldon	Frederick County Chamber of Commerce	Neil Bergsman	Maryland Nonprofits
Lane Levine	A Friendly Bread	Daniel Koroma	Montgomery County Government Office of the County Executive
Brandon Burbage	Kaiser Permanente		

SBPAC Charter

- Meetings are set for the last Wednesday of each month
- 21 members; 2 year terms (exception for carriers)
- Rebrand from SHOP to MHC for Small Business



MHC Small Business Background

MHBE's Guiding Principles

Accessibility

Ensure Health Coverage Options are affordable for all Marylanders.

Affordability

Promote health coverage costs that remain at a reasonable level

Sustainability

Remain viable in compliance with the ACA by offering private health plans for individuals and small businesses

Stability

Provide a reliable resource for residents to obtain health coverage

Health Equity

Attain a true level of equal access to health coverage for everyone who needs it, regardless of socioeconomic status

Flexibility

Remain adaptable to insurance market changes, remain sensitive and responsive

Transparency

Remain open and accountable in its operations and abide by the rules and regulations that govern the agency

MHBE 101 - Purposes of the Exchange

(c) Purpose. The purposes of the Exchange are to:

- (1) reduce the number of uninsured in the State;**
- (2) facilitate the purchase and sale of qualified health plans in the individual market in the State by providing a transparent marketplace;
- (3) assist qualified employers in the State in facilitating the enrollment of their employees in qualified health plans in the small group market in the State and in accessing small business tax credits;**
- (4) assist individuals in accessing public programs, premium tax credits, and cost-sharing reductions; and
- (5) supplement the individual and small group insurance markets outside of the Exchange.**

Insurance Article 31-102 Annotated Code of Maryland, *Maryland Health Benefit Exchange*

MHBE 101 - Small Business Responsibilities

- As a state-based marketplace, MHBE must assist qualified employers **in facilitating*** the enrollment of their employees in qualified health plans 45 CFR 155.700(a)(2)
- Program required functions:
 - QHP Certification 45 CFR 155.705(b)(5)
 - Determination and notice of Employer Eligibility to Purchase MHC for Small Business QHPs and QDPs 45 CFR 155.716 (a)(e)

* Changed from 'and facilitate' (1/1/2018)



History of MHC for Small Business Programs

What have we tried?

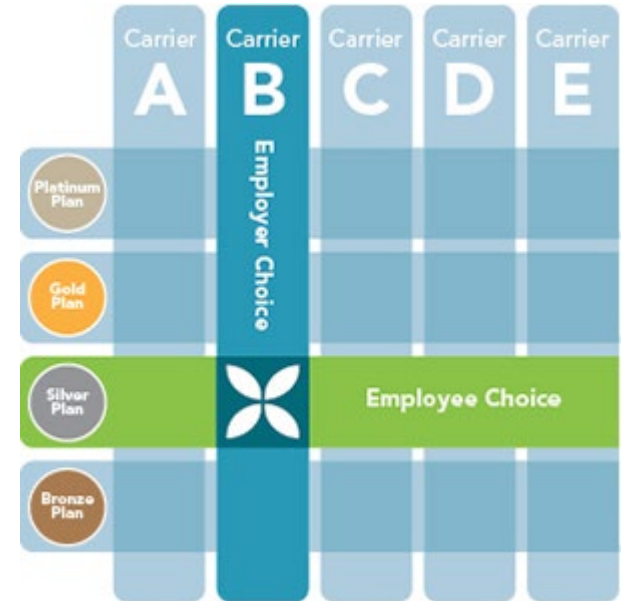
- **2014** “Direct enrollment” process • Employer choice model only • Exchange determined employer eligibility to participate in SHOP program • Exchange reported enrollment information to CMS and IRS • **Brokers** worked directly with carriers and/or third-party administrator to sell SHOP certified plans.
- **2015** “Direct enrollment” for Employer Choice model • Employee choice model available through **three** contracted third-party administrators
- **2016** Contracted with **one** third party administrator for Employer & Employee choice models
- **2019** Returned to direct enrollment process
- **2020** MHC for small business portal envisioned
- **2022** MHC for small business enrollment portal implementation by Fall 2024

MHC Employer Choice & Employee Choice

Employer Choice: Select one insurance company that offers coverage; employers can offer any number of plans: one (1), multiple, or all.

Employee Choice: Select up to two consecutive metal levels of coverage; employees may choose any plan across all the insurance companies that offer plans at those metal levels.

Issuer	MHC Small Biz Medical QHPs
CareFirst BCBS	18
CareFirst GHSMI	3
United Healthcare	18
Optimum Choice	10
Aetna Health	6
Kaiser Permanente	13
Total	68



Low Enrollment On MHC Small Business

- Sharp decline in small group enrollment in 2021
- A robust off-exchange small group market existed
 - *>90% of Marylanders are covered by health insurance plans offered through large employers, self-insured group plans, or enrolled in “grandfathered” plans purchased before March 2010 or in federal plans (such as Medicare, Tricare, or federal employee plans).*
- Lack of resources/guidance for small businesses and producers
- Many businesses not aware of tax-credit program or were deterred by:
 - *Tax Credit sliding scale- credit reduced if FTEs >10 , Average wage >\$27,000*
 - *The limited (two year) availability of the tax credit*
- Paperwork burden on employers
- Prioritizing staff and resources for the individual market over small group market

Small Businesses in Maryland

- Maryland defines a small business as having between 1 and 50 employees
- Small Group Market size:
 - In Maryland's SHOP: 117 active groups with **645 covered lives** (MHBE data as of August 30, 2022)

MHC Small Business Enrollment									
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022
Employers	43	88	113	107	148	152	156	121	117
Covered Lives	263	604	735	588	853	821	878	649	645

¹³ ACA §1304; 42 USC § 18024(b)(2); MD Code Ann., Ins. Art. §31-101(aa)

¹⁴ Maryland Department of Labor. (2021). Maryland Quarterly Census of Employment and Wages: Employment and Wages by Size of Reporting Unit

Ancillary Benefits

- Dental and Vision plans are not sold on MHC for Small Business
- Issuers declining to enter dental market on MHC for Small Business citing three reasons:
 - Low enrollment numbers
 - Past experience
 - Workload requirement

Federal Small Business Tax Credit

- ACA Federal SHOP (Small Business Health Options Program) Tax credit created to incentivize offering employees coverage
- Requirements to qualify:
 - Business must be located in Maryland
 - < 25 full-time equivalent employees (FTEs) for the taxable year
 - Pay average annual wages of < \$56,000 (adjusted for inflation) per FTE employee
 - *Tax credit works on a sliding scale- credit reduced if FTEs >10 , Average wage >\$27,000*
 - Employer maintain a “qualifying arrangement” by paying a uniform percentage for all employees that’s equal to 50% of premium cost of employee only coverage (35% for tax exempt/nonprofit organizations)

Tax Credit (Continued)

- Federal SHOP tax credit parameters:
 - The maximum credit is 50% of employer's premium payments (35% for tax-exempt organizations)
 - Available for 2 consecutive years
 - Small employers are required to purchase a Qualified Health Plan from a SHOP Marketplace to be eligible to claim the credit
 - Tax Credit can be carrier forward or backward by 2 years

Discussion

- Ideas on what MHBE can do to simplify Small Business Tax Credit process for producers and small businesses/nonprofits to have better access
- Are there other challenges MHBE should be aware of?

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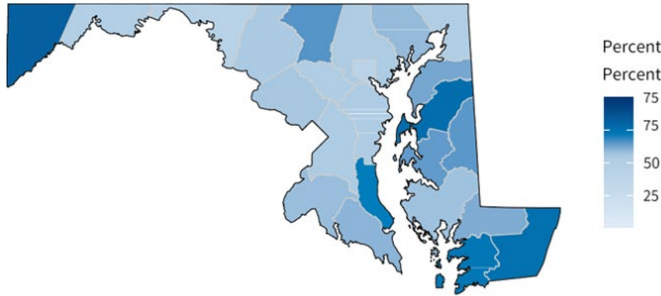
Small Business Environment in Maryland

Maryland Small Business Profile

Maryland 2022

634,622 Small businesses
99.5 percent of Maryland businesses

1.2 million Small Business employees
49.4 percent of Maryland employees



No Employees	527,410
1-19 Employees	92,785
20-499 Employees	14,427
Total	634,622

Small business count by size and industry

Industry	No employees	1-19 employees	20-499 employees	All small businesses
Professional, Scientific, and Technical Services	82,298	16,138	2,000	100,436
Transportation and Warehousing	66,788	2,448	422	69,658
Health Care and Social Assistance	52,753	10,468	1,879	65,100
Construction	49,360	12,406	1,602	63,368
Other Services (except Public Administration)	48,029	11,661	1,133	60,823
Real Estate and Rental and Leasing	53,320	4,346	383	58,049
Administrative, Support, and Waste Management	46,575	5,893	1,129	53,597
Retail Trade	33,624	9,380	987	43,991
Arts, Entertainment, and Recreation	31,004	1,615	340	32,959
Educational Services	21,644	1,561	446	23,651
Accommodation and Food Services	9,802	7,073	2,319	19,194
Finance and Insurance	11,638	3,350	393	15,381
Wholesale Trade	5,180	3,086	837	9,103
Information	6,940	977	236	8,153
Manufacturing	4,601	1,977	607	7,185
Agriculture, Forestry, Fishing and Hunting	3,438	179	5	3,622
Utilities	336	39	14	389
Management of Companies and Enterprises	*	66	254	320
Industries not classified	*	187	1	188
Mining, Quarrying, and Oil and Gas Extraction	80	17	12	109
Total	527,410	92,785	14,427	634,622

Maryland Small Group Enrollment

Date	Enrolled #	Enrolled %
3/31/2016	246,814	0
3/31/2017	237,364	-3.8%
6/30/2018	270,267	13.9%
7/31/2019	268,816	-0.5%
6/30/2020	263,023	-2.2%
6/30/2021	254,654	-3.2%
3/31/2022	248,328	-2.5%

Avg Approved Rate Changes

Date	Avg %
2016	-1.8%
2017	3.3%
2018	1.9%
2019	5.0%
2020	3.0%
2021	2.3%
2022	5.0%
2023	7.6%

*About 248,000 Marylanders are impacted by the approved small group rates

*The primary driver of 2023 increase is higher than anticipated trend levels

Small-Business Owners' Views on Health Coverage and Costs (National Perspective)

- In 2019, the Commonwealth Fund conducted a national survey of small employers to better understand their perspectives on rising health care costs and prices
- Small employers identified a variety of challenges to providing health care apart from cost
- “Outside of costs, which one of the following do you consider the **biggest challenge** when it comes to providing health care coverage to your employees?” (1st & 2nd choices combined)
 - 43% - **Lack of choices** in health care plans
 - 32% - Inability to get **clear, unbiased information**/data to make purchasing decisions
 - 27% - Time required for **administration/paperwork**
- “Thinking about your own business, for each of the following solutions please indicate whether that solution would be helpful for you to reduce health care costs”
 - 91% - Giving employers more unbiased information on how to choose the best plans would be very or somewhat helpful

<https://www.commonwealthfund.org/publications/issue-briefs/2019/sep/small-business-owners-views-health-coverage-costs>

MHBE Small Business Program by Fall 2024

	Full Service Small Business Enrollment Platform	Outreach Marketing and Preferred Producer Program	Integrate ICHRAs/ QSEHRAs into Maryland Health Connection
Description	Build an in-house portal that is a one stop shop: end-to-end shopping, tax credit eligibility, enrollment, support and billing aggregation system	Respond to Small Business & Nonprofit Health Insurance Subsidy Workgroup recommendations to offer marketing and outreach resources, support and incentives for businesses.	Partner with ICHRA administrator(s) and build ICHRA/QSEHRA integration into MHC/MHC for Small Business

Takeaways

- Small group participation continues to decline slowly
- Premiums overall show modest increases
- Medical issuer participation is stable (4); Low Dental issuer participation
- New 2024 program initiatives

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Small Business & Nonprofit Subsidy Recommendations Implementation

SB 632: Small Business and Nonprofit Health Insurance Subsidies Program Workgroup

Mandates MHBE to:

1. “...**study and make recommendations** relating to the establishment of a Small Business and Nonprofit Health Insurance Subsidies Program to provide subsidies to small businesses and nonprofit employers and their employees for the purchase of health benefit plans.”
2. **Submit report** on findings & recommendations to the Governor, Senate Finance Committee, House Health & Government Operations Committee by **October 1, 2022**

Workgroup Final Recommendations

1. Allocating \$2 to \$4 million per year to MHBE to invest in training, marketing, and outreach to educate small employers and their employees on their 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 & nonprofit premium subsidy in the future, if it appears likely that the enhanced premium tax credits in the individual market will expire.
3. Financial incentive for small employers and nonprofits hosting events to help their employees obtain coverage and MHBE providing special branding to employers who take advantage of the opportunity, noting that this could boost employee recruitment and retention while also reducing the number of uninsured Marylanders.

Implementing Workgroup Recommendations

As a result of the recommendations from the Small Business Nonprofit Subsidy Workgroup, MHBE plans to establish a system for small businesses & nonprofits to:

1. Work with a producer to host an educational and enrollment event and submit
2. Work with selected producer and MHBE to distribute collateral that helps employees understand all available market options
3. Apply for reimbursement for costs to host educational and enrollment event for their employees
4. Upon completion of program, small businesses will receive MHBE branding that shows their support for employee health insurance coverage

Challenges and Opportunities Facing Small Businesses

- “Affordable” Small Group plans impacting employees eligible for enhanced federal subsidies under ARPA
- Opportunity for MHBE to target outreach & education on all coverage options to groups within the top 5 specific industries likely to have employees within 100%-400% of FPL:
 - Professional, Scientific, Management, Administrative, & Waste Management Services
 - Educational Services, Health Care & Social Assistance
 - Construction
 - Wholesale & Retail trade Arts, Entertainment, & Recreation, & Accommodation & Food Services
- Outreach, education and marketing materials and collaboration with producer community to bring awareness to groups with in these industries to offer plans that meet the needs of all of their employees (ICHRA plans, Individual plans vs. Small Group).

Industry Category	Employer Size	FPL Category					
		Eligible (100-400% FPL)		Ineligible (<100 or >400% FPL)		Total	
		#	%	#	%	#	%
Professional, Scientific, Management, Administrative, & Waste Management Services	<10 employees	41,580	35.8%	74,537	64.2%	116,117	100%
	10-24 employees	17,830	23.8%	57,240	76.2%	75,070	100%
	25-99 employees	12,124	24.5%	37,392	75.5%	49,516	100%
	Total	71,534	29.7%	169,168	70.3%	240,702	100%
Educational Services, Health Care & Social Assistance	<10 employees	23,310	40.2%	34,698	59.8%	58,008	100%
	10-24 employees	19,911	36.7%	34,406	63.3%	54,317	100%
	25-99 employees	17,718	38.8%	27,916	61.2%	45,634	100%
	Total	60,939	38.6%	97,020	61.4%	157,959	100%

Industry Category	Employer Size	FPL Category					
		Eligible (100-400% FPL)		Ineligible (<100 or >400% FPL)		Total	
		#	%	#	%	#	%
Construction	<10 employees	31,755	44.6%	39,411	55.4%	71,166	100%
	10-24 employees	18,487	41.2%	26,433	58.8%	44,919	100%
	25-99 employees	8,206	44.1%	10,411	55.9%	18,616	100%
	Total	58,447	43.4%	76,254	56.6%	134,702	100%
Wholesale & Retail trade	<10 employees	22,137	36.4%	38,736	63.6%	60,873	100%
	10-24 employees	14,743	36.1%	26,049	63.9%	40,793	100%
	25-99 employees	4,457	29.1%	10,869	70.9%	15,326	100%
	Total	41,338	35.3%	75,654	64.7%	116,992	100%



MHC Small Business Marketing Strategies

Building, Connecting, and Strengthening Relationships

- Create statewide partnerships with small businesses
 - Attend conferences, forums and networking events to generate leads
 - Follow up and give presentations to small businesses in person or virtually to promote opportunities for small businesses to provide health coverage and receive tax benefits.
- Maintain a list of partners to receive marketing materials, coordinate development, and distribute to small business owners, producers and organizations.
- Establish and build connections with state agencies to coordinate efforts to reach existing and new small businesses.
 - Governor's Office of Small, Minority & Women Business Affairs
 - DLLR, DHS, MIA, MDH, MDHR, MCC, MLLR, MDDP, DVA

Building, Connecting, and Strengthening Relationships

- Additional Visibility on Websites
 - Include MHC on all State agency websites the MHC to enroll, and specifically, be on all websites that are relevant to business development in MD.
- Include MHC Small Business Application QR code on all marketing materials and business cards to simplify process and connect directly to website platform.
- Outreach: Develop and implement effective communication strategies that build a database of business contacts and cultivate strong relationships among the small business community
- Participate in statewide meetings, conferences, special events and business engagements to create awareness and benefits of offering health insurance to employees.



Discussion

Discussion

- Addressing the unique needs of employers and producers in the small business market
- Challenges facing producers and small businesses
- What data would be helpful for future discussions?
- What issues/topics are you interested in discussing?
- Do we have the right number of Small Group plans offered on exchange?

Next Steps

- Co-chair Nominations
- Co-chair vote
- Approve SBPAC charter
- Next meeting agenda will be determined by today's discussion

Next meeting: TBD



Public Comment