



MHBE

Small Business Programs Advisory Committee

April 26, 2023

1:00PM – 3:00PM

In Person at the Maryland Health Benefit Exchange and Online Via Google Meets

Members Present:

Jon Frank, Co-Chair
Lane Levine, Co-Chair
Brandon Burbage
Rob Cohen
Cindy Hipwell
Daniel Koroma
Richard Huguen
Eugene Poole
Rick Weldon
Ileana Gonzalez
Glenn Arrington

Staff

Theresa Battaglia
Johanna Fabian-Marks
Makeda (Mimi) Hailegeberel
Elizabeth Leo
Amelia Marcus
Andrew Ratner
Nicole Edge

Members of the Public

Allison Mangiaracino
Stephanie Klapper
Tamara Pearsall

Welcome, Agenda, and Meeting Minutes

Mimi Hailegeberel, Small Business Programs Manager for the Maryland Health Benefit Exchange (MHBE), and Jon Frank, Co-Chair, welcomed attendees. Mr. Frank reviewed the agenda for the meeting. Rob Cohen moved to approve the minutes of the Committee's February 22, 2023, meeting. The motion was seconded, and the Committee voted unanimously to approve the minutes.

Follow-Up Items on Uninsured Data

Mr. Frank followed up on the conversation from the Committee's February 2023 meeting regarding data on Maryland's uninsured, reviewing relevant data. Detailed slides are available in the presentation for this meeting. Mr. Frank stated that the MHBE is not able to provide the more detailed data slices that Committee members had requested, noting the difficulty involved in measuring those who are not participating in Maryland insurance markets. He explained that detailed data are not available at the state level. He reviewed the data points that were presented during the committee's February 2023 meeting regarding the number of insured Marylanders. The uninsurance rate among lawfully present Marylanders is about 4.4%.

Mr. Frank explained that a bill introduced during Maryland's legislative session that would have allowed undocumented Maryland residents to purchase insurance through Maryland Health Connection did not pass but that there may be momentum toward passing a similar allowance at the national level. He noted that undocumented people in Maryland can currently purchase insurance on the individual market.

Mr. Frank continued, underscoring the importance of findings from the Insurance Component of the Medical Expenditure Panel Survey on the percentage of businesses offering health insurance by number of employees: the data showed 28% of employers with fewer than 10 employees offer health insurance, compared with 60% and 69.9% of employers with 10-24 and 25-99 employees, respectively. 37.3% of employers with fewer than 50 employees offered insurance, compared with 94.7% of employers with 50 or more employees. Mr. Frank stated that these results suggest the Committee's work should focus on small or very small businesses. Next, Mr. Frank presented data on the number of covered lives through Maryland Health Connection (MHC) small business. He noted that the number has remained small but has grown in the first quarter of 2023, reaching 676 in March, and is exclusively made up of employers with one to nine employees.

Mr. Cohen remarked that small employers have little incentive to offer health insurance when their employees could instead take advantage of the low, government-subsidized rates available on the individual market. He stated that small group enrollment is unlikely to increase unless a change offers greater incentives to small businesses. He expressed doubt that the Maryland legislature understands this reality, observing a lack of action to address it. Mr. Frank noted that the Small Business and Nonprofit Health Insurance Subsidy Program (SBNHISP) Workgroup determined it would be counterintuitive to offer employers small group subsidies that would compete with the options that are already subsidized on the individual market.

Eugene Poole observed that the small employers who do offer health insurance tend to be members of professional organizations or subcontractors to federal contracts. He explained that the rules that require contractors on federal contracts to offer health insurance also apply to small subcontractors. These employers receive fringe compensation as part of their contract, which allows them the funds to purchase insurance for their employees. Mr. Cohen agreed that this mechanism works well in providing insurance to government contractors but that few other employers offer insurance. Mr. Poole agreed.

Mr. Frank reviewed the SBNHISP Workgroup's final recommendations, with a detailed list included in the presentation for this meeting. They included increased marketing to small employers, including training and events; financial incentives for employers hosting events to discuss health insurance options with their employees; and special branding to recognize businesses that offer health insurance to their employees. Mr. Frank explained that funding was attached to some of these recommendations but that the funding bill, Senate Bill (SB) 59/House Bill (HB) 107, did not pass this year, necessitating a longer timeframe for planned next steps. However, he noted that Chair

Joseline A. Peña-Melnyk agreed to help with outreach to small employers. Mr. Frank closed by showing the new logo developed for MHC for Small Business.

Small Business Education and Outreach

Theresa Battaglia, Small Business Outreach Manager at the MHBE, presented on her team's marketing & outreach initiatives. Detailed slides are available in the presentation for this meeting. She began by explaining the goals of MHC for Small Business, which include increasing health insurance literacy for Maryland small businesses, cultivating partnerships with state agencies, establishing and strengthening relationships with stakeholders, and increasing overall small business enrollment.

Johanna Fabian-Marks, Director of Policy and Plan Management for the MHBE, clarified that these are the plans that the MHBE has deemed feasible without the new funding for small business outreach that SB59/HB107 would have provided.

Glenn Arrington asked how much funding is available for outreach. Betsy Plunkett, Director of Marketing and Web Strategies at the MHBE, answered that no money was set aside for small business marketing this year but that she will speak to the ad agency that services MHC overall to see what can be carved out from the overarching contract to cover small business-focused marketing. She also noted that Ms. Battaglia's role is exclusively to handle small business outreach activities.

Ms. Battaglia continued her presentation by giving an overview of the components of an effective outreach plan. She outlined the MHBE's strategy for partnering with other state agencies through participation in virtual and in-person events and marketing efforts through state agency-published media. Ms. Battaglia explained that the MHBE's major agency partners include the Maryland Departments of Labor and Commerce, remarking on their enthusiasm for the collaboration because of the benefit MHC for Small Business can provide to businesses and the Department of Labor's willingness to post the MHBE's links on Department of Labor sites.

In reference to Ms. Battaglia's mention of presenting the MHC for Small Business to 11 regional business managers as part of her partnership with the Department of Labor, Mr. Frank asked where the regional business managers are based. Ms. Battaglia responded that each manager covers a certain region, such as Southern Maryland, the Eastern Shore, or Western Maryland. She noted that these managers do a great deal of grassroots work.

Mr. Arrington stated that it would be helpful to have a tool to estimate the amount an employer is likely to receive from the small business tax credit. Ms. Hailegeberel replied that the Internal Revenue Service (IRS) has a new estimator tool that could be used for this purpose. Mr. Arrington suggested incorporating such a tool into MHBE's resources for small business so that producers need not navigate to a separate site to use it.

Mr. Poole wondered if fringe compensation could be implemented at the level of state and local contracts, noting that this would incorporate funding for health insurance

upfront through small businesses' pay structure and would bypass size and income parameters for participation. Ms. Hailegeberel responded that MHBE could suggest this idea in its conversations with other state agencies. Ms. Fabian-Marks agreed, adding that the Committee could look to make the idea one of its recommendations.

Mr. Arrington noted that this would only address the issue of health insurance for the subset of small businesses who are contractors for state and local contracts.

Mr. Poole noted that including fringe compensation in state and local contracts so contractors can offer their employees health insurance could also help take people off Medicaid, as well as helping employers with hiring by allowing them to use health insurance as an incentive.

Mr. Cohen affirmed the suggestion, noting that it could have benefits for his clients who have difficulty affording insurance.

Daniel Koroma asked how the system for paying federal contractors a fringe rate could be scaled to cover state and local contractors and further scaled to cover the small business market in general. Mr. Poole replied that expanding the requirement that fringe compensation be provided to include state contractors can be a starting point wherein state money will be dedicated to this issue, after which the MHBE will have momentum toward addressing coverage for other types of businesses.

Mr. Arrington asked what percentage of small businesses would be targeted by an initiative focused on contractors. Mr. Poole acknowledged that the exact percentage is unknown but noted that many businesses aim to win government contracts.

Mr. Frank noted that the collaborations with other state agencies will help focus outreach efforts on subgroups like the contractors that Mr. Poole has described.

Mr. Koroma noted that more work will need to be done with this idea because it only offers incentive to a select group of businesses.

Ms. Battaglia continued her presentation, stating that the Maryland Department of Commerce represents a natural partnership given its central role in providing Maryland businesses with resources. She expressed a desire to encourage businesses through the Department of Commerce to incorporate offering health insurance for MHC for Small Business into their business plans. The MHBE has also included articles and links in the Maryland Business Pulse newsletter that the Department of Commerce sends to businesses throughout the state.

Ms. Battaglia continued, giving an overview of the MHBE's partnership with several other state agencies. They partnered with the Governor's Office of Small, Minority & Women Business Affairs (GOSBA), including a featured article in their Expanding Opportunities magazine that will involve brokers as well. Ms. Battaglia will continue to attend events put on by these agencies as a representative of MHC for Small Business.

Mr. Poole asked whether the MHBE has made efforts to partner with universities given that they require students to have health insurance. Ms. Battaglia answered that an outreach manager on the MHBE staff is working on outreach to universities. Ms. Plunkett added that the outreach efforts focus on how MHC could be offered to students as a third option in addition to private insurance and insurance through university health services. She also noted that community colleges are on the MHBE's radar for outreach.

Rick Weldon commented that he recently learned that the Maryland (State) Department of Assessment and Taxation (SDAT) has a program to waive the personal property tax for small businesses. He suggested that businesses applying for the waiver could be directed to MHC for Small Business.

Ms. Battaglia stated that SDAT is another partnership, explaining that the agency's *Maryland Business Express* site serves as a gateway for all small businesses in the state and that the MHBE will have a presence on the site.

Mr. Frank asked if Ms. Battaglia had reviewed the information SDAT currently provides employers about offering health insurance to their employees, noting that the information employers need is likely not there currently and that the MHBE can help them improve their information on that front. Ms. Battaglia responded that there is a small paragraph about providing insurance through MHC but agreed.

Mr. Poole described speaking to people who are leaving their current job to start their own business and learning that many have not thought about health insurance. He suggested that the necessity of planning for how to receive health insurance should feature in the MHBE's educational materials. Ms. Battaglia responded that the Department of Labor notifies the MHBE when Maryland businesses close, and the MHBE presents the former employees with individual market options on MHC. Mr. Poole clarified that he's specifically describing the situation where someone is leaving an existing job.

Mr. Arrington commented that he has seen consumers go through this situation and that the certificate for loss of coverage often presents an issue because carriers delay sending out the document until two or three weeks past the date of the employee's departure from a job, often too late for them to enroll in other coverage. He explained that he primarily sees off-exchange consumers have these issues and argued that legislation should be used to make carriers get these documents out consistently. Ileana Gonzalez responded that consumers who have coverage through CareFirst should be able to find the certificate of loss of coverage under the Documents section of their account within a week or two after their coverage is terminated. Mr. Arrington replied that he has directed people there.

Ms. Gonzalez noted that a failure by the employer's human resources department to process the termination in a timely manner may hinder the timeliness of the document being distributed.

Mr. Arrington noted that, in one situation, the fact that the document was in the letterhead of a Continuation of Health Coverage (COBRA) administrator rather than the company itself (which had gone out of business) was why a carrier would not accept the certificate of loss of coverage.

Ms. Hailegeberel commented that information about a certificate of loss of coverage could be included in educational materials that the MHBE produce.

Brandon Burbage asked if starting up a new company is a qualifying life event that would allow one to enroll. Mr. Arrington replied that, on the small group market, that would be a qualifying event. Ms. Fabian-Marks added that it would not qualify on the individual market but noted that loss of coverage would be a qualifying life event.

Ms. Fabian-Marks also noted that starting a new job with an employer that does not offer insurance is not itself considered a qualifying life event. She explained that, in addition to providing funding for small business outreach activities, HB59/SB107 would have added a special enrollment period (SEP) for being hired by a small business.

Mr. Poole remarked on the need to think about employees who cannot work due to serious illness or injury such as a coma. Ms. Fabian-Marks replied that there are SEPs on the individual market for both exceptional circumstances and failure to give timely notice of one's eligibility for an SEP, either of which would cover that situation.

Ms. Battaglia continued her presentation, describing the MHBE's partnerships with the Maryland Insurance Administration (MIA) and MarylandSaves through webinars before listing several other state agencies with whom she is working to develop partnerships, including the Departments of Labor, Natural Resources, and Information Technology and specialty business enterprise agencies. Next, she described efforts by the Maryland Board of Public Works to encourage state contractors to offer employee health insurance.

Ms. Battaglia continued by describing the MHBE's partnership with the Maryland Small Business Administration, noting that MHC for Small Business will be present at the Maryland Small Business Week Awards Luncheon on June 8 with Governor Moore and Senator Cardin.

Mr. Frank asked whether the other state agencies inquire about what the MHBE is offering in the proposed partnership. Ms. Battaglia responded in the affirmative and noted that the MHBE offers fact sheets and resources in addition to simply raising the agencies' awareness of MHC for Small Business.

Mr. Frank stated that employers will also likely wonder what MHC for Small Business offers them. He suggested that they should advertise the small business tax credit as a major benefit. Ms. Battaglia added that employee retention is another.

Ms. Battaglia continued her presentation, explaining that outreach will happen along three distinct partnership channels. She shared outreach efforts she has conducted with several networking organizations, noting the enthusiasm with which they have been received, especially among news publications. She noted that outreach channels include event and conference attendance, mail, social media, and earned media.

Lane Levine encouraged Committee members to reach out to Ms. Battaglia with any additional networking groups or accelerated programs that they know of.

Next, Ms. Battaglia shared a slide about the branded materials she distributes at events, adding that a future goal is to provide digital “Health Insurance Friendly Business” branding, in alignment with one the recommendation from the SBNHISP Workgroup. She then shared an informational video on MHC for Small Business that she plays during webinars and encourages state agency partners to distribute.

Ms. Battaglia explained that the MHBE is considering developing an employer guide that would give an overview of the reasons, financial considerations, and options available for offering employee health insurance through MHC.

Mr. Poole commented that this would be helpful in reducing the amount of time brokers have to spend educating employers on these topics.

Ms. Battaglia continued, describing the employee guide that the MHBE is also considering, which would give an overview of why health insurance is important and the coverage options available to employees. She closed by asking the Committee for any other state agencies with which the MHBE should consider partnering as well as asking about any gaps in the proposed contents of the employer and employee guides and what other steps could be helpful in reaching small businesses.

Mr. Poole remarked that the General Services Administration (GSA) and the United States Department of Labor would be helpful partnerships because they play a major role in ensuring small businesses get paid, arguing that the state should follow the lead of the Department of Labor with regards to fringe compensation.

Mr. Frank asked for confirmation that Mr. Poole thinks the MHBE should partner with federal agencies as well as state ones. Mr. Poole replied in the affirmative.

Mr. Frank lauded the presentation, characterizing it as a thorough survey of potential agency partners.

Mr. Levine agreed but asked if it’s possible that the efforts detailed in the presentation could make for an infeasibly large scope of work given the time constraints. He asked if

there are parts of the plan that need to be prioritized. Ms. Battaglia replied that her intention is to start by targeting state-level partnerships, which should help connect the MHBE to regional entities by extension. Mr. Levine commented that, if an idea seems especially fruitful during the implementation of this outreach plan, Ms. Battaglia should feel free to put additional focus on it rather than being confined to the broad plan presented today.

Mr. Frank agreed with Ms. Battaglia that it is necessary to market to as many potential partners as possible to narrow the plan's focus to the ones that will be especially fruitful.

Mr. Levine asked how a requirement for state contracts to include fringe compensation for contractors to offer health insurance for their employees would be implemented and who has jurisdiction for the issue. Mr. Poole commented that he sees it as primarily an issue of business owners including fringe compensation in their cost structure, although he acknowledged that legislative action may be necessary to ensure this happens.

Ms. Hailegeberel stated that it would most likely be a suggestion from the MHBE to state agencies rather than a mandate but that the state could consider legislation on the issue in the future. Ms. Fabian-Marks agreed, noting that internal conversation within the MHBE would need to happen and that there may be a fiscal impact to the state, which falls outside the MHBE's jurisdiction. She also reaffirmed that the Committee can make a recommendation on the issue, characterizing it as a powerful way to communicate with state agencies.

Ms. Fabian-Marks expressed the need to learn more about the fringe compensation requirement in federal contracts.

Mr. Koroma suggested the business license office of the Motor Vehicle Administration as a potential partner for small business outreach. He also suggested a partnership with Montgomery County's accelerator program, which he manages and which reaches nearly 300 businesses. Ms. Battaglia asked him to send her the information to connect with the program.

Mr. Frank asked whether the accelerator program includes a discussion of health insurance. Mr. Koroma answered that it does not currently but that they are working on incorporating it in response to Ms. Hailegeberel's feedback.

Mr. Weldon recommended partnering with the Maryland Technology Development corporation (TEDCO) and the Maryland Tech Council. Mr. Poole agreed.

Mr. Frank suggested partnering with the farm bureaus across the state.

Mr. Arrington encouraged Committee members to voice if they are part of any local chambers of commerce. Ms. Plunkett noted that some of the MHBE's consumer assistance organizations are part of local chambers of commerce.

Mr. Arrington stated that he is well-connected with the Cecil and Harford County Chambers of Commerce. Mr. Weldon noted that he is the chief executive officer (CEO) of the Frederick County Chamber of Commerce and is also affiliated with the Maryland Association of Chamber of Commerce Executives (MACCE), a statewide network of all Maryland chambers of commerce. He noted that he will connect MACCE with the MHBE.

Preferred Broker Program

Ms. Hailegeberel presented on the Preferred Broker Program. Detailed slides are available in the presentation for this meeting. She began with an overview of brokers in general: they are licensed by MIA to help individuals and businesses purchase health insurance plans and receive compensation from the carriers they work with. Brokers act as advocates for their clients. She explained that the MHBE's intention is to collaborate with Maryland brokers for the MHBE's small business programs; she noted that over 1,200 brokers are authorized to work with the MHBE, with 520 authorized to sell on the small business market.

Mr. Frank commented that the MHBE should listen to brokers' feedback, not just training them. He underscored the valuable resource that brokers represent, indicating that if the MHBE provides for their needs, they will produce enrollments on MHC. Mr. Frank acknowledged the need to recognize the brokers that are especially prolific.

Mr. Burbage remarked that, while he has some producers that he calls because they are especially effective, his organization is still responsible for paying for the other producers to have their license with the organization.

Mr. Arrington highlighted the importance of analyzing why so few of Maryland's brokers actively sell on the small group market and suggested considering how to make the prospect of doing so more attractive for brokers. Ms. Fabian-Marks agreed that a major role of the Committee is to work out the value proposition of MHC for Small Business.

Ms. Hailegeberel described the Preferred Broker Program, explaining that a planning committee was established last month and developed a list of the top 100 brokers in the state based on performance in the individual and small group markets. The list will be revealed at the first ever Broker Achievement Award (BAA) event next month.

Mr. Burbage asked if the top 100 list can be vetted by the carriers? He referenced a comment made in a previous meeting that observed disparities among which carriers brokers recommend to their clients. He expressed the need to recognize brokers who are giving quotes for all carriers and, above all, producing in ways that give the most value to consumers. Mr. Arrington agreed.

Ms. Hailegeberel stated that she has seen the list and that it is made up of brokers who are selling to all carriers. She also noted that the agreements carriers have with third-party administrators (TPAs) play a role in excluding some carriers from being sold on MHC.

Mr. Frank commented that the initial recognition of carrier achievements needs to use objective criteria like production rather than subjective ones.

Ms. Fabian-Marks noted that there is the top 100 list, as well as the intent to establish a Preferred Broker Program in the future to establish closer ties with brokers and get their feedback.

Ms. Hailegeberel continued her presentation, giving an overview of the perks that members of the top 100 could receive, including a letter of acknowledgement and a referral program that gives priority for referrals through the MHC platform to brokers on the list. The top three could have special consideration for MHBE-sponsored events, and the top 100 could be given access to system functionality testing and a digital badge for their broker profile. Additionally, the MHBE could provide free training programs for these brokers and may offer free courses for continuing education credits.

Mr. Arrington noted that it may be helpful to recognize producers by their national producer number (NPN) rather than their name. Ms. Hailegeberel replied that they can consider doing so but expressed concern that the small business owners likely do not understand NPNs, especially given the difficulty people have finding their doctor's NPN when searching for a provider in their health plan issuer's "find a doctor" website tool.

Mr. Arrington suggested that an alternative could be using agency names rather than the names of individual agents. Ms. Hailegeberel stated that she could see that working.

Mr. Frank stated that there may be issues with using agency names given the freeform text entry with which producers are able to enter their agency name.

Mr. Arrington stated that it could be helpful to allow each broker to include a link to their website. Mr. Frank expressed concerns that having links to an external site could navigate consumers to irrelevant or misleading information. Mr. Arrington acknowledged that the links would need to be vetted. Mr. Frank noted that staff may not have the time to do so.

Ms. Hailegeberel continued, explaining that the BAA event will take place virtually on May 8, 2023, with over 1,000 brokers, carriers, and TPA invited and 110 who have said they will join. It will be hosted by the MHBE's executive director, Michele Eberle. Awards will be given to the top broker for the individual market, the top broker for the small business market, and the top broker for the Broker Assistance Transfer (BATPhone) lines. The 2024 BAA event will include additional opportunities for brokers to win: rising star awards, which will recognize newly authorized brokers, as well as recognition for the top 10 brokers in each market segment.

Discussion

Mr. Poole stated that carriers have been lowering broker commissions yearly, which makes it challenging to do business in the individual and small group markets. Since the

passage of the Affordable Care Act, broker commissions have dropped from 5% to less than 1%, making it unaffordable for brokers to even meet clients in person. He expressed concern that some brokers may eventually stop doing business altogether.

Mr. Cohen agreed and asked what can be done about the issue, noting that brokers play an important role in educating and having a continued relationship with the client. Mr. Poole stated that the National Association of Benefits and Insurance Professionals (NABIP) has lobbied Congress to address the issue.

Ms. Hailegeberel and Ms. Fabian-Marks acknowledged that they have limited ability to affect this issue but stated that the MHBE wants brokers to be fairly compensated.

Mr. Poole observed that the California state health exchange ensures that brokers receive a commission of at least 5%. Ms. Fabian-Marks stated that the MHBE can look into the provisions California has in place.

Mr. Arrington noted that some carriers have tried to cut brokers out altogether in the past.

Mr. Burbage commented that some brokers are more concerned with receiving huge commissions than with giving the client value. Slippery slope. Some brokers can make huge commissions per hour.

Mr. Arrington noted that, in some situations, clients may be determined to purchase a more costly plan despite the advice that brokers give them.

Mr. Burbage added that most insurance carriers are struggling to make a profit because of the impact of the pandemic.

Ms. Fabian-Marks commented that this discussion can be continued in a future meeting.

Public Comment

None offered.

Adjournment

The meeting adjourned at 3:07 PM.

Chat Log

00:07:20

Makeda Hailegeberel -MHBE-: Thank you for joining. We started a little early.

00:07:42

Lane Levine: Sorry I missed the beginning – glad to be here now!

00:34:17

Makeda Hailegebereel -MHBE-: <https://www.taxpayeradvocate.irs.gov/estimator/sb/>

00:38:33

Richard Huguen: I just learned on 4/18 (tax day) that SDAT has a program to waive the small business tax (\$300) each year with some qualifiers. One applies in '23 to waive '24 tax. I think few are aware of this, but it should grow. This strikes me as a good time to also grab that business owner who is applying for the waiver (5 min application) and connect them or point them to benefit solutions.

01:01:09

Richard Huguen: TEDCO and Maryland Tech Council

01:14:45

Rob Cohen: Richard: Could you please send me a link to this? Thx

01:20:06

Rick Weldon: Maryland Association of Chamber of Commerce Executives (statewide network of all MD CHambers)

1:24:12

Richard Huguen: <https://mdtechcouncil.com/>

1:24:45

Rob Cohen: thank you Richard!

1:41:17

Rick Weldon: <https://www.mdchamberexecutives.org/>

1:54:06

Lane Levine: gotta run – thank you all!