



MHBE

Small Business Programs Advisory Committee

October 25, 2023

1:00PM – 3:00PM

Online Via Google Meets

Members Present:

Jon Frank, Co-Chair
Lane Levine, Co-Chair
Glenn Arrington
Allison Mangiaracino (on behalf of
Brandon Burbage)
Scott Brainard
Rob Cohen
Ileana Gonzalez
Alvin Helfenbein
Eugene Poole
Michael Rachesky
Kathy Sweely
Sandy Walters
Rick Weldon

Staff

Theresa Battaglia
Johanna Fabian-Marks
Makeda (Mimi) Hailegeberel
Amelia Marcus
Rita Dyer
Kimberly Edwards
Michele Eberle

Members of the Public

Nikki Blake
Chris McCarten
Stephanie Klapper
Lyla Martin

Welcome, Agenda, and Meeting Minutes

Jon Frank and Lane Levine, Co-Chairs, opened the meeting. Mr. Frank started with the approval of the meeting minutes from the September 27, 2023, meeting. Since the minutes were just sent to the Committee, Mr. Frank proposed that the meeting minutes be approved subject to any corrections or additions made within the next 30 days. Eugene Poole moved to approve the minutes as presented subject to corrections within 30 days, and Sandy Walters seconded. The Committee voted unanimously to approve the minutes.

Mr. Frank explained that there is a new member to the Committee: Kathy Sweely from Aetna.

Follow-up Items

Makeda Hailegeberel, Small Business Programs Manager at the MHBE, provided an update on follow-up items from previous meetings. Ms. Hailegeberel explained that based on comments from the Committee that the enrollment process was too long, the MHBE added an ultra-fast track where a small group can enroll within one week, and

then the carriers have 18 days to process the enrollment. For example, for coverage to begin on January 1, 2024, under the ultra-fast track, the group's enrollment process would need to begin on December 8 and finish by December 14, 2023. Under the fast track, a group would need to begin by November 30 and finish by December 14th, 2023. Under the longest track, the enrollment process would begin by October 1, 2023, for coverage to be effective January 1, 2024.

Ms. Hailegeberel explained the Employee Choice model proposed changes from members of this committee have been posted to the public comments section of the MHBE website. Under the current regulations, small employers must offer employees a choice of up to two consecutive metal tiers under the employee choice model. In response to comments from members of this committee, the MHBE is considering amending the regulations to allow a group to select one specific metal tier or up to all available metal tiers for employee choice.

Mr. Frank asked why carriers need 18 days to process new enrollments. Ms. Hailegeberel responded that carriers have said that it takes 18 days to implement a small group. The group and their broker can choose their enrollment track based on how quickly they want to move with the enrollment process. The MHBE wants to provide small groups all possible options to choose from.

Glenn Arrington added that carriers typically take at least 12-14 days to process a new small group under good circumstances, so 18 days is normal. Mr. Walters noted that 15 days is normal for carriers so 18 days is a reasonable timeline.

Ms. Hailegeberel moved onto the next follow up item: the Massachusetts Health Connector for Businesses, which is one of the top performing state exchanges, with a low number of uninsured. Currently, the Massachusetts Health Connector for Businesses covers approximately 12,000 individuals. From August 2022 to September 2023, 2,263 members entered coverage through the Massachusetts Health Connector from 456 new business groups. When MHBE asked Massachusetts about what methods were effective, Massachusetts responded that restarting the paid marketing of small group coverage, focusing on the choice options unique to small businesses, promoting the wellness rebate program, and building relationships with the state's broker community had a positive impact on enrollment.

Kathy Sweely, the new Committee member, introduced herself.

Mr. Arrington asked about the comparison to the Massachusetts Connector given that Massachusetts has different regulations. He noted that a past study comparing the Maryland small group market to other states found that, overall, Maryland has a robust system for small groups, with many opportunities. He noted that Massachusetts and Maryland are very different, so it is difficult to compare the two states.

Mr. Frank commented that he likes some of Massachusetts's methods, such as building relationships with the broker community and paid marketing for small group coverage, but he is unclear about the benefits of focusing on choice options or wellness rebates.

Mr. Walters added that Massachusetts has a mandatory health insurance law, which forces business to buy coverage either on or off the exchange, which is a significant difference from Maryland.

New Concept: SEP for Individual Coverage

Ms. Hailegeberel introduced the main topic of the meeting, a new concept for a Special Enrollment Period (SEP) for individual coverage. She explained that, in 2022, legislation was introduced to create a new SEP for newly hired employees of small businesses who do not receive coverage from their employers, enhancing their access to individual plans. The newly proposed SEP would have enabled employers to connect their employees with brokers to facilitate access to individual exchange plans with federal subsidies. However, the bill sponsors decided to remove the SEP provision in favor of securing outreach and education funding for the small business program, and the bill ultimately did not pass. The MHBE is considering adding an SEP for new employees of small businesses and is seeking input from Committee members on the proposed approach and options.

Ms. Hailegeberel noted that the potential parameters for the SEP would be that an individual must buy a private health plan through Maryland Health Connection (MHC) without subsidies and that an SEP would be available for 30 days from the date of hire. There are two options for opening an SEP through MHC. The first option is to require an individual to input their date of hire and attest that their employer is a small group employer, and the second option is that an SEP may only be opened by a broker, who inputs the date of hire and attests that enrollee the employer is a small group that has declined to offer coverage.

Mr. Frank commented that the proposed SEP could be beneficial. If a small employer is interested in providing coverage to employees but can't afford it, then a broker is in a good position to help the employees find coverage through the individual exchange; however, as things stand, these employees would have to wait for open enrollment to begin coverage. The proposed SEP would allow new hires in small businesses to purchase insurance through the individual exchange immediately without waiting for open enrollment.

Mr. Arrington commented that he sincerely wants to help the remaining 90,000 uninsured Marylanders access insurance and that, as a broker, he works with small businesses with 2 to 10 employees often. He described the rule allowing small employers to provide their employees with a fixed amount of money each year in an Individual Coverage Health Reimbursement Arrangements (ICHRA) that the employee can use to buy coverage in the individual market. He explained that, under this option, everyone wins because the individual exchange enrolls more people, and the employer is able to help their employees access coverage. Mr. Arrington noted that this is one of

the reasons his broker association opposed an SEP. He stated that he believes the proposed SEP may lead to adverse selection, noted that it would only help a small percentage of uninsured Marylanders, and described the current enrollment design as effective.

Mr. Poole agreed with Mr. Arrington that there are already several options available, so the proposed SEP is not needed. He commented that, when working with small employers who have hired new employees, he explains that, if an employee's last day of coverage or employment was within 60 days, the employee can enroll through the individual exchange. However, if there is no qualifying event for an SEP, then the challenge is determining whether the employer wants to set up small group coverage and start enrolling employees. Mr. Poole explained that employers can choose to set up a small group plan to attract and retain employees and to help employees who don't have an SEP enroll in small group coverage.

Ms. Hailegeberel reported that the total uninsured population in Maryland is 357,000 but that approximately 140,000 are uninsured due to their immigration status. Out of the remaining 250,000, it is estimated that roughly 100,000 are uninsured through a small business, which is the population Mr. Arrington referred to.

Mr. Walters agreed with Mr. Arrington and Mr. Poole that there is already a solution available, and a new SEP could cause confusion.

Allison Mangiaracino, representing Kaiser Permanente on behalf of Brandon Burbage, commented that, from Kaiser's perspective, a new job with a small employer would not be an appropriate qualifying event for an SEP because it would favor one type of employment over others: if an individual becomes a solo proprietor or starts a part-time job, then they would not be eligible for this SEP. She noted that it's important to keep the SEP qualifying life events limited to people who are newly eligible because they lost insurance coverage and that new employment does not create that eligibility opportunity. She stated that the MHBE's focus would be better spent on outreach to small businesses regarding the coverage options available through the Small Business Health Options Program (SHOP) and advertising the annual open enrollment.

Ms. Fabian-Marks asked Mr. Arrington and Mr. Poole about their experience working with small businesses: specifically, situations where a new hire needs coverage but is not eligible for an SEP and where the dates for open enrollment have passed, so the employer has the option to start a small group plan to offer that employee coverage. She asked about situations where the employer can't afford to set up a small group plan, and then the employees are stuck waiting for open enrollment.

Mr. Arrington commented that there are third party vendors that help set up ICHRAs for a small fee. Brokers may have access to software that creates the ICHRA template and will help the small employer submit the necessary documents without a fee. The software also generates the waiver for employees where they can indicate whether they want the ICHRA. Those who choose the ICHRA can then purchase a policy through the

individual exchange, but employees can only receive the ICHRA or subsidies, not both. Employers do not have to pay a large amount into the ICHRA but can still provide this benefit to employees. Mr. Arrington concluded that a new SEP is not needed because there are opportunities for small employers to create an ICHRA plan under the current federal guidelines. He noted that better outreach by brokers and MHBE on all options available to small employers may be more beneficial.

Mr. Poole added that very small employers may not be able to afford coverage for their employees and that the individual exchange is a better option for these employees if they have a qualifying event for an SEP.

Mr. Frank asked about situations where the small employer decides that they cannot afford to provide coverage, but they have employees who need coverage, and it is outside open enrollment. Mr. Poole responded that he first determines the current situation of the employees in question and the options available. Mr. Arrington added that, in these situations, he will provide the employers information and documentation regarding ICHRAs, and if the employer selects this option, then the documentation will be sent to employees, who can purchase an individual plan. The carrier would need to be notified that this individual has an ICHRA. Similar to small group coverage, the employer has the option of contributing to an ICHRA but is not required to do so.

Ms. Fabian-Marks clarified that there is no employer contribution requirement for the SHOP, but there is a 50% contribution requirement if the employer wants to qualify for the small business health care tax credit.

Mr. Arrington commented that the ICHRA is a good way for employers to help their employees access coverage and is not as difficult as it may appear. He noted that large companies with more than 500 employees are showing a lot of interest in ICHRAs to control costs.

Michael Rachesky commented that he has not heard of losing members due to an ICHRA and wants to make sure the information Mr. Arrington provided is accurate. He asked if there are possible sources of information they can access. Mr. Arrington responded that he could contact the national third-party vendors of ICHRA services, who will tell him that the biggest increase in the volume of ICHRA sales are by large employers trying to control costs.

Mr. Frank noted that the focus of the Committee is small employers, and he believes that many employers are going to decide to not offer an ICHRA. The new SEP would allow new hires to enroll in individual coverage immediately, and he does not feel that it would create a risk of adverse selection. He noted that the challenge is providing information to small employers and encouraging them to purchase small group coverage with some of the advantages of the exchange, such as the federal tax credit.

Mr. Poole commented that he has targeted his marketing towards government contractors, who have guaranteed revenue coming in from their contracts that allow

them to pay their premium on time. He noted that, if the tax credit can be provided to small employers on a monthly basis similar to how government contractors are funded, then that could greatly encourage small businesses to offer coverage. Mr. Frank agreed that it would be beneficial to have the tax credit as a monthly benefit as opposed to being provided at the end of the year.

Ms. Hailegeberel commented that the discussion has answered the questions posed in the presentation. She proposed cancelling the next two Committee meetings in November and December and having the next meeting in January 2024, closer to the commencement of the state legislative session, and after MHBE has learned more about their new budget and legislation.

Scott Brainard commented that, as a small business owner, he feels that the recent discussion got away from what small businesses are looking for in terms of easily getting employees enrolled. He asked for more information on the new SEP and the pros and cons. He feels he needs more information before he can decide whether to endorse the new SEP or not.

Rick Weldon agreed with Mr. Brainard and commented that he is unconvinced that the concerns expressed about the new SEP create a logistical problem that can't be resolved. He asked to continue the dialogue to better understand the issue and expressed the need to take a solution to the legislature that is as robust as possible.

Mr. Arrington commented that a broker such as himself or Mr. Poole would be able to share all the reasons the new SEP is not a good solution because there are currently better options available for small employers. He can provide additional information on this issue if needed.

Mr. Poole commented that he wants everyone to be insured and that professional brokers have the knowledge and skills to help small employers find the best coverage options.

Ms. Mangiaracino reiterated her concern that the new SEP could cause adverse selection in the market. Her recommendation is to continue outreach to small employers about open enrollment and the current qualifying events for SEPs. She noted that it is unfair for only one type of employment to be eligible for the new SEP.

Public Comment

None offered.

Adjournment

The meeting adjourned at 2:03 PM.

Chat Log

00:03:35

Kathy Sweely: Sorry, I can't take off mute.

00:11:31

Makeda Hailegeberel -MHBE-:

<https://www.mahealthconnector.org/business/employers/connectwell-for-employers>

00:27:43

Makeda Hailegeberel -MHBE-: <https://www.marylandhbe.com/news-resources/reports-data/analytics/>

00:28:55

Allison Mangiaracino: I can provide Kaiser Permanente's perspective on this on behalf of Brandon, who is not on the call today. Let me know if I should wait until the public comment section of the agenda.

00:37:34

Glenn Arrington: It is the education

00:38:43

Glenn Arrington: At that point you set up the document of HRA individually plan and call it ICHRA I send them the paperwork about the program

00:39:54

Makeda Hailegeberel -MHBE-: We'd love to hear from the small business owners in the group on this topic :)

00:47:42

Rob Cohen: i was trying to talk

00:50:15

Johanna Fabian-Marks -MHBE-: For anyone having trouble with mics/audio, you can click the button on the left with three vertical dots, select "Use a phone for audio" and enter your phone number, and Google will call your phone and connect you to the meeting

00:51:09

Johanna Fabian-Marks -MHBE-: *meant to say button on the right, next to the "hang up" button

00:53:41

Glenn Arrington: You need a good conversation with a broker

01:01:26

Ecosse Ecosse: thanks!