



MHBE

Small Business Programs Advisory Committee

March 27, 2024

1:00PM – 3:00PM

Online Via Google Meets

Members Present:

Jon Frank, Co-Chair
Glenn Arrington
Scott Brainard
Ileana Gonzalez
Amber Hyde
Eugene Poole
Michael Rachesky
Kathy Sweely
Sandy Walters

Johanna Fabian-Marks
Dinesh Ganesan
Makeda (Mimi) Hailegeberel
Kimberly Edwards
Michele Eberle
Rita Dyer
Andrew Ratner

Members of the Public

Rodger Bayne
Nikki Blake
Chris McCarten
Allison Mangiaracino

Staff

Amelia Marcus
Theresa Battaglia

Welcome, Agenda, and Meeting Minutes

Jon Frank, Co-Chair, opened the meeting. He provided an overview of the meeting agenda, which includes an update on the small business portal and a discussion regarding professional employer organizations (PEOs).

Mr. Frank then moved onto the meeting minutes from the January 31, 2024, meeting. He asked Committee members if there are any corrections or changes that should be made to the meeting minutes. No one had corrections or changes. The minutes were approved by unanimous consent by the Chair.

Mr. Frank announced that there are three new Committee members: Amber Hyde, Stephanie Klapper, and Dr. Amel Simo. Ms. Hyde was the only new member present during the meeting and introduced herself. Mr. Frank noted that Dr. Amel Simo is a primary care provider, and it will be beneficial for the Committee to have a physician's perspective.

Maryland Health Connection (MHC)-SB Enrollment Portal Status

Mimi Hailegeberel, Small Business Programs Manager with the MHBE, provided an overview of a timeline displaying the status of the Maryland Health Connection for Small Business (MHC-SB) enrollment portal. The MHBE is currently moving into the carrier

testing and integration phase and collaborating closely with partners to gather their insights. The MHBE is aiming to complete and publish the request for proposals (RFP) for the billing and aggregation vendor within the next few weeks. She explained that the RFP is taking slightly longer than anticipated because MHBE has been working to guarantee the protection of consumers' sensitive financial and personal data that would be included in the portal. Ms. Hailegeberel noted that, in June, the next phase will begin, with internal testing of the system and carriers.

Dinesh Ganesan, Senior IT Technologist at MHBE, presented slides on the portal design for MHC-SB as a follow-up to the previous Committee meeting. He began with providing an overview of the employer dashboard. He noted that an employer can download an Excel template, add their employee information, and upload it into the system to add all employees to the plan at once. A committee member had asked about this function at the last meeting.

Mr. Ganesan then showed the employee snapshot for employers, which displays how many employees are enrolled, waived, and not enrolled, as well as the number of dependents enrolled in the plan.

Mr. Frank asked if the employee snapshot will show who is eligible to enroll in the plan and who has waived coverage. Mr. Ganesan responded that the snapshot will show the employees' current plan status and provided an example of what the display would look like.

Mr. Ganesan then showed the display available to employers for the employee choice plan. Employers have the option to offer an employee choice plan where the employee can choose from two consecutive metal tiers as selected by the employer. Mr. Ganesan demonstrated how the employer would select the reference plan and then be able to see the cost breakdown of the reference plan as well as the coverage effective date and other information.

Amber Hyde asked whether the language shown in the demonstration is final or still in progress. She noted that the deductible listed on the screen is labeled as the "group deductible," which may be confusing, and recommended using "family deductible" instead so it is clear that the deductible only applies to the family, not the entire group. Mr. Ganesan responded that the design for the MHC-SB portal is not final yet and that the language can be changed.

Mr. Ganesan then showed the employee dashboard and demonstrated the process for an employee choosing a plan.

Mr. Frank noted that small group plans have age-based pricing and asked whether the plan premium displayed to employees will vary based on the employee's age. He also asked whether the employer contribution that is displayed to the employer, which could be a flat rate or a percentage of the premium, will be age-rated to show the different premiums employees may have based on their age. Ms. Hailegeberel responded that

the billing and aggregation vendor would be required to accommodate composite rating and member level ratings. The vendor would be able to show on the invoice the employer's contribution as either a percentage or a flat amount.

Mr. Frank asked if those requirements are spelled out in the billing vendor RFP. Ms. Hailegeberel responded in the affirmative. She explained that MHBE staff are still working with carriers to determine when composite rating would be applicable. She noted that the employer's contribution of either a premium percentage or flat amount will be displayed on the portal and that employers have the ability to choose either option.

Johanna Fabian-Marks added that employees will see their correct age-adjusted premium minus the employer's contribution on the portal.

Ms. Hyde noted that she doesn't know of any carriers that are currently doing composite rating, but carriers will age-rate premiums. She recommended adding weekly pay to the employee's display because generally employees are not paid on a monthly basis.

Glenn Arrington noted that some carriers do composite rating, but it is less common in the small group market. Composite ratings can be more complicated and challenging but can be beneficial for certain groups. Mr. Arrington noted that, for an employer to receive the tax credit, they must contribute at least 50% to the employee's premium, so their employer contribution would need to be calculated based on the age-rated premium.

Sandy Walters asked whether the employer will be notified when an employee completes the enrollment process. Ms. Hailegeberel responded that all parties, including the employer and broker, will be notified when the employee has successfully registered.

Mr. Ganesan then provided an overview of the mobile experience in response to questions about the mobile version of the portal at the last Committee meeting. He showed that the same information is displayed for employers but is reorganized to fit on a smaller screen. Mr. Ganesan explained that a mobile version will be available for both employers and employees and will have the same capabilities as the web version of the portal.

Mr. Frank asked about the mobile version of the portal for brokers. Mr. Ganesan responded that brokers would also be able to access a mobile version of the portal with all the capabilities of the web version.

Mr. Frank asked whether a broker would be able to act on the employer's behalf to set up the plan and add employees. He explained that employers may want to delegate the creation of a plan and entering information into the portal to a broker. Ms. Hailegeberel responded in the affirmative. She added that there will be a tango process with the broker and employer so that once the tango process is initiated the broker will be able to access the employer's account and set up the benefits on their behalf.

Eugene Poole asked about the email address tied to the employee's portal account: specifically, whether employees should use their personal email address instead of their work email address in the event that the employee loses their employment and still needs to access their account. Mr. Frank agreed with this point and added that some employees may not have an email address. Ms. Hailegeberel responded that the initial account registration will be linked to the email address provided by the employer, which will likely be the employee's work email address, but after the employee accesses their account, they will be prompted to update their account and will be able to add their personal email address.

Ms. Hyde suggested that the affordability formula be added to the portal display so that employees can determine whether the employer-sponsored insurance qualifies as affordable coverage and would prevent the employee from getting a tax credit for coverage through the individual exchange. Ms. Hyde explained that, if an individual gets coverage through the individual exchange with a tax credit when that individual is eligible for affordable employer sponsored coverage, then the individual must pay back the tax credit at the end of the year, and the employer may be fined. Making the affordability formula available on the portal may help prevent that situation.

Mr. Walters noted that small groups with under 20 members are not subject to federal Consolidated Omnibus Budget Reconciliation Act (COBRA) requirements and are only subject to Maryland continuation requirements, which don't include automatic notice and do require employees to request coverage continuation. Ms. Hailegeberel responded that the system is currently being configured to accommodate both federal and state COBRA notices, as well as enrollment for the employee, and the billing aggregation vendor will bill the employee directly.

Mr. Walters asked whether the system will automatically send continuation notices to employees even when not required by the state. Ms. Hailegeberel responded in the affirmative.

In response to Ms. Hyde's earlier suggestion that the portal include the affordability formula, Mr. Arrington noted that small employers with less than 50 employees are not required to contribute to their employee's premiums and will not be subject to an employer penalty if an employee purchases subsidized coverage through the individual exchange. Ms. Hyde responded that she was referring to the affordability formula for employees because, when an individual enrolls in coverage through the individual exchange, they are asked whether their employer offers affordable insurance coverage according to the affordability formula. She feels it would be helpful to include the affordability formula on the portal for employees, so they are aware. Mr. Arrington disagreed, explaining that the affordability formula is applicable to the individual market, not the small group market. Ms. Hailegeberel responded that Ms. Hyde makes a good point and that adding the affordability formula could be a future enhancement but that currently the MHBE is focused on developing a portal that covers the basics.

Mr. Frank asked whether an employee who has subsidized coverage through the individual exchange would qualify as a valid waiver. Ms. Hailegeberel responded in the affirmative.

Rita Dyer agreed that any opportunity to further educate consumers would be beneficial because she regularly encounters individuals who are subject to a claw-back of their tax credit at the end of year because they are eligible for affordable employer-sponsored coverage.

Mr. Ganesan noted that, during the last Committee meeting, there was a question about the communication of information regarding health and wellness initiatives through the portal. He explained that this information will be included in a future release but not in the initial release of the portal.

Ms. Hailegeberel explained that the MHBE wants to receive Committee input on the process flow for outreach and education programs so that the MHBE is effectively targeting and educating employers and employees on their coverage options. She provided an overview of the proposed process flow for outreach and education. The first step would be the employer's creation of an account login and registration. For the second step, the employer would complete online video modules which would educate them on their coverage options. Then, a broker would provide an in-person or virtual presentation to the group employees. After the broker attests that the presentation was completed, then the employer would receive a digital seal that can be displayed on the employer's website to show their support for their employees' health care coverage.

Mr. Frank commented that he didn't think having employers complete a training to receive a digital badge is necessary. He suggested providing education materials to employers and brokers without the badge requirement.

Mr. Poole agreed that the proposed workflow with a badge would create more work for brokers.

Mr. Ganesan commented that there are two possible approaches to outreach and education: self-service, as recommended by Mr. Frank and Mr. Poole, and the broker-assisted approach in the proposed process flow. He noted that the self-service approach could be combined with the MHBE's outreach program and marketing so that, when an employer creates an account, they can access the video modules and then use the chat function to ask follow-up questions or connect to a broker for a presentation. Ms. Hailegeberel responded that this is a good suggestion, and this issue can be revisited in a future Committee meeting.

Professional Employer Organizations (PEOs)

Ms. Hailegeberel explained that the PEO relationship involves a contractual allocation and sharing of employer responsibilities between the PEO and the client, an employer. This shared employment relationship is called co-employment. As co-employers, PEOs

contractually assume substantial employer rights, responsibilities, and risk through their employer relationships with their clients' workers.

Amelia Marcus, Policy Analyst with the MHBE, provided an overview of House Bill (HB) 827, a study bill that was introduced during the current legislative session that would require the Maryland Insurance Administration (MIA) to study the landscape of PEOs in Maryland and other states, specifically as they relate to health benefit plans and what health benefits a PEO can offer to their small employer clients. Currently, Maryland law prevents small employer clients of a PEO from participating in that PEO's large group health plan. Maryland is one of only three states in the country that effectively prevents PEOs from making their large group health plans available to their small employer clients. Please see the presentation slides from this meeting for more details.

Ms. Marcus explained that the MHBE expects to collaborate with the MIA on the HB 827 study, particularly in assessing any potential impacts that changing the law to allow small employer clients to participate in a PEO's large group health plan might have on the small group market. A study report would be due to the legislature by December 31, 2024.

Mr. Frank commented that this is an interesting topic. He noted that there are about 250,000 employees in Maryland's small group market and that allowing PEOs to siphon off small groups may further erode affordability in the small group market in Maryland.

Mr. Walters agreed that rates in the small group market could increase as a result of the PEOs cherry-picking the low-risk groups out of the small group market. He explained that Maryland prevented small employer clients of a PEO from participating in that PEO's large group health plan to protect the small group market.

Rodger Bayne commented that the current law was intended to protect against anti-selection because PEOs can choose to allow only low-risk small employers to join their group plan. He noted that, if HB 827 passes, then the study would have to dig deeper into market practices.

Mr. Arrington agreed with these comments and expressed concern that the PEOs would pull the healthy groups out of the small group market and that the small group market would have much higher annual premium increases, which would be unsustainable.

Mr. Poole noted that carriers are less likely to write small groups plans under the Affordable Care Act (ACA) and that there is a growing trend for carriers to write small group plans outside the ACA. Ms. Hailegeberel responded that she has been hearing that carriers want to write more business in the small group market.

Mr. Bayne commented that there is less and less activity in the small group market after market reform and that the number of carriers has significantly decreased. He noted an unintended consequence of market reform is that carriers may leave the market when it is more difficult to make a profit. Similarly, if it is more difficult for small employers to

purchase affordable coverage through the small group market, then they may explore other options outside the small group market.

Mr. Frank noted that the PEO study will be kept on the agenda for future Committee meetings, and they will continue to monitor this issue.

Public Comment

None offered.

Reduction of Monthly Meeting Length

Mr. Frank reported that he and Ms. Hailegeberel have discussed shortening the monthly Committee meetings to an hour in the hopes of increasing meeting participation. He asked Committee members for their input on this proposal.

Mr. Arrington recommended shortening the meetings to 1.5 hours.

Mr. Walters agreed and suggested that the meetings could be further shortened to one hour if needed in the future.

Mr. Poole and Ileana Gonzalez also expressed support for reducing the meeting length to 1.5 hours.

Adjournment

The meeting adjourned at 2:12 PM.

Chat Log

00:11:11

Allison Mangiaracino: Regarding slide 6 on the portal status, can you confirm when the RFP will be posted?

00:18:04

Makeda Hailegeberel -MHBE-: Hi Allison, we don't have a date we can share at the moment. I'll provide a date as soon as we have it.

00:50:09

glenn arrington: After rethinking Amber's thought I see the value of if the employee doesn't elect coverage and takes the subsidy because they didn't think it was affordable that would be helpful for the individual for the federal subsidy they may have to pay back if they didn't calculate each year's formula of 9.5% on average from year to year if it was affordable based on the contribution

00:51:46

Amber Hyde: yes thanks

00:53:24

MR RODGER BAYNE: Wasn't this done before? mid 90's? Obsolete work now?

00:56:10

ILEANA GONZALEZ: What would happen if a group decides to leave the PEO and then move to the Exchange? Typically it takes about 90 or more days to extract a group from a PEO

00:58:28

Makeda Hailegeberel -MHBE-: Ileana- The group will need to review their contract with the PEO to understand any termination clauses, and financial penalties for early termination.

00:59:37

ILEANA GONZALEZ: thank you

01:08:55

Scott Brainard: thanks

01:08:59

Amber Hyde: Thank you